

## FARM SECURITY ACT OF 2001

AUGUST 2, 2001.—Ordered to be printed

Mr. COMBEST, from the Committee on Agriculture,  
submitted the following

### R E P O R T

together with

### ADDITIONAL VIEWS

[To accompany H.R. 2646]

The Committee on Agriculture, to whom was referred the bill (H.R. 2646) to provide for the continuation of agricultural programs through fiscal year 2011, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

#### SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Farm Security Act of 2001”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

#### TITLE I—COMMODITY PROGRAMS

Sec. 100. Definitions.

##### Subtitle A—Fixed Decoupled Payments and Counter-Cyclical Payments

Sec. 101. Payments to eligible producers.

Sec. 102. Establishment of payment yield.

Sec. 103. Establishment of base acres and payment acres for a farm.

Sec. 104. Availability of fixed, decoupled payments.

Sec. 105. Availability of counter-cyclical payments.

Sec. 106. Producer agreement required as condition on provision of fixed, decoupled payments and counter-cyclical payments.

Sec. 107. Planting flexibility.

Sec. 108. Relation to remaining payment authority under production flexibility contracts.

Sec. 109. Payment limitations.

Sec. 110. Period of effectiveness.

##### Subtitle B—Marketing Assistance Loans and Loan Deficiency Payments

Sec. 121. Availability of nonrecourse marketing assistance loans for covered commodities.

Sec. 122. Loan rates for nonrecourse marketing assistance loans.

Sec. 123. Term of loans.

Sec. 124. Repayment of loans.

Sec. 125. Loan deficiency payments.

Sec. 126. Payments in lieu of loan deficiency payments for grazed acreage.

- Sec. 127. Special marketing loan provisions for upland cotton.
- Sec. 128. Special competitive provisions for extra long staple cotton.
- Sec. 129. Availability of recourse loans for high moisture feed grains and seed cotton and other fibers.
- Sec. 130. Availability of nonrecourse marketing assistance loans for wool and mohair.
- Sec. 131. Availability of nonrecourse marketing assistance loans for honey.

### **Subtitle C—Other Commodities**

#### **CHAPTER 1—DAIRY**

- Sec. 141. Milk price support program.
- Sec. 142. Repeal of recourse loan program for processors.
- Sec. 143. Dairy export incentive program.
- Sec. 144. Fluid milk promotion.
- Sec. 145. Dairy product mandatory reporting.
- Sec. 146. Funding of dairy promotion and research program.

#### **CHAPTER 2—SUGAR**

- Sec. 151. Sugar program.
- Sec. 152. Reauthorize provisions of Agricultural Adjustment Act of 1938 regarding sugar.
- Sec. 153. Storage facility loans.

#### **CHAPTER 3—PEANUTS**

- Sec. 161. Definitions.
- Sec. 162. Establishment of payment yield, peanut acres, and payment acres for a farm.
- Sec. 163. Availability of fixed, decoupled payments for peanuts.
- Sec. 164. Availability of counter-cyclical payments for peanuts.
- Sec. 165. Producer agreement required as condition on provision of fixed, decoupled payments and counter-cyclical payments.
- Sec. 166. Planting flexibility.
- Sec. 167. Marketing assistance loans and loan deficiency payments for peanuts.
- Sec. 168. Quality improvement.
- Sec. 169. Payment limitations.
- Sec. 170. Termination of marketing quota programs for peanuts and compensation to peanut quota holders for loss of quota asset value.

### **Subtitle D—Administration**

- Sec. 181. Administration generally.
- Sec. 182. Extension of suspension of permanent price support authority.
- Sec. 183. Limitations.
- Sec. 184. Adjustments of loans.
- Sec. 185. Personal liability of producers for deficiencies.
- Sec. 186. Extension of existing administrative authority regarding loans.
- Sec. 187. Assignment of payments.

## **TITLE II—CONSERVATION**

### **Subtitle A—Definition**

- Sec. 201. Definition of agricultural commodity.

### **Subtitle B—Wetland Conservation Program**

- Sec. 211. Ineligibility for certain loans and payments.

### **Subtitle C—Environmental Conservation Acreage Reserve Program**

- Sec. 221. Elimination of general provisions.

### **Subtitle D—Conservation Reserve Program**

- Sec. 231. Reauthorization.
- Sec. 232. Enrollment.
- Sec. 233. Duties of owners and operators.
- Sec. 234. Duties of the Secretary.
- Sec. 235. Acceptance of contract offers.
- Sec. 236. Contracts.

### **Subtitle E—Wetlands Reserve Program**

- Sec. 241. Enrollment.
- Sec. 242. Easements and agreements.
- Sec. 243. Duties of the Secretary.
- Sec. 244. Payment limitation.
- Sec. 245. Changes in ownership; agreement modification; termination.

### **Subtitle F—Environmental Quality Incentives Program**

- Sec. 251. Purposes.
- Sec. 252. Definitions.
- Sec. 253. Establishment and administration.
- Sec. 254. Evaluation of offers and payments.
- Sec. 255. Duties of producers.
- Sec. 256. Environmental Quality Incentives Program plan.
- Sec. 257. Duties of the Secretary.
- Sec. 258. Limitation on payments.
- Sec. 259. Groundwater conservation.

### **Subtitle G—Funding and Administration**

- Sec. 261. Reauthorization.
- Sec. 262. Funding.
- Sec. 263. Allocation for livestock production.

- Sec. 264. Use of other agencies.  
 Sec. 265. Administration and technical assistance.

#### **Subtitle H—Other Programs**

- Sec. 271. Wildlife Habitat Incentives Program.  
 Sec. 272. Farmland Protection Program.  
 Sec. 273. Resource Conservation and Development Program.  
 Sec. 274. Grassland Reserve Program.  
 Sec. 275. Farmland Stewardship Program.  
 Sec. 276. Small Watershed Rehabilitation Program.

#### **Subtitle I—Availability of Funds**

- Sec. 281. Availability of funds appropriated pursuant to the Soil Conservation and Domestic Allotment Act.

#### **Subtitle J—Repeals**

- Sec. 291. Provisions of the Food Security Act of 1985.  
 Sec. 292. National Natural Resources Conservation Foundation Act.

### **TITLE III—TRADE**

- Sec. 301. Market Access Program.  
 Sec. 302. Food for Progress.  
 Sec. 303. Export Enhancement Program.  
 Sec. 304. Foreign Market Development Cooperator Program.  
 Sec. 305. Export Credit Guarantee Program.  
 Sec. 306. Food for Peace (PL 480).  
 Sec. 307. Emerging markets.  
 Sec. 308. Bill Emerson Humanitarian Trust.  
 Sec. 309. Technical assistance for specialty crops.

### **TITLE IV—NUTRITION PROGRAMS**

#### **Subtitle A—Food Stamp Program**

- Sec. 401. Simplified definition of income.  
 Sec. 402. Standard deduction.  
 Sec. 403. Transitional food stamps for families moving from welfare.  
 Sec. 404. Quality control systems.  
 Sec. 405. Simplified application and eligibility determination systems.  
 Sec. 406. Authorization of appropriations.

#### **Subtitle B—Commodity Distribution**

- Sec. 441. Distribution of surplus commodities to special nutrition projects.  
 Sec. 442. Commodity supplemental food program.  
 Sec. 443. Emergency food assistance.

#### **Subtitle C—Miscellaneous Provisions**

- Sec. 461. Hunger fellowship program.  
 Sec. 462. General effective date.

### **TITLE V—CREDIT**

- Sec. 501. Eligibility of limited liability companies for farm ownership loans, farm operating loans, and emergency loans.  
 Sec. 502. Suspension of limitation on period for which borrowers are eligible for guaranteed assistance.  
 Sec. 503. Administration of Certified Lenders and Preferred Certified Lenders programs.  
 Sec. 504. Simplified loan guarantee application available for loans of greater amounts.  
 Sec. 505. Elimination of requirement that Secretary require county committees to certify in writing that certain loan reviews have been conducted.  
 Sec. 506. Authority to reduce percentage of loan guaranteed if borrower income is insufficient to service debt.  
 Sec. 507. Timing of loan assessments.  
 Sec. 508. Making and servicing of loans by personnel of State, county, or area committees.  
 Sec. 509. Eligibility of employees of State, county, or area committee for loans and loan guarantees.  
 Sec. 510. Emergency loans in response to an economic emergency resulting from quarantines and sharply increasing energy costs.  
 Sec. 511. Extension of authority to contract for servicing of farmer program loans.  
 Sec. 512. Authorization for loans.  
 Sec. 513. Reservation of funds for direct operating loans for beginning farmers and ranchers.  
 Sec. 514. Extension of interest rate reduction program.  
 Sec. 515. Increase in duration of loans under down payment loan program.  
 Sec. 516. Horse breeder loans.  
 Sec. 517. Sunset of direct loan programs under the Consolidated Farm and Rural Development Act.  
 Sec. 518. Definition of debt forgiveness.  
 Sec. 519. Loan eligibility for borrowers with prior debt forgiveness.  
 Sec. 520. Allocation of certain funds for socially disadvantaged farmers and ranchers.  
 Sec. 521. Horses considered to be livestock under the Consolidated Farm and Rural Development Act.

### **TITLE VI—RURAL DEVELOPMENT**

- Sec. 601. Funding for rural local television broadcast signal loan guarantees.  
 Sec. 602. Expanded eligibility for value-added agricultural product market development grants.  
 Sec. 603. Agriculture innovation center demonstration program.  
 Sec. 604. Funding of community water assistance grant program.  
 Sec. 605. Loan guarantees for the financing of the purchase of renewable energy systems.  
 Sec. 606. Loans and loan guarantees for renewable energy systems.  
 Sec. 607. Rural business opportunity grants.  
 Sec. 608. Grants for water systems for rural and native villages in Alaska.  
 Sec. 609. Rural cooperative development grants.  
 Sec. 610. National reserve account of Rural Development Trust Fund.  
 Sec. 611. Rural venture capital demonstration program.

- Sec. 612. Increase in limit on certain loans for rural development.
- Sec. 613. Pilot program for development and implementation of strategic regional development plans.
- Sec. 614. Grants to nonprofit organizations to finance the construction, refurbishing, and servicing of individually-owned household water well systems in rural areas for individuals with low or moderate incomes.
- Sec. 615. National Rural Development Partnership.
- Sec. 616. Eligibility of rural empowerment zones, rural enterprise communities, and champion communities for direct and guaranteed loans for essential community facilities.
- Sec. 617. Grants to train farm workers in new technologies and to train farm workers in specialized skills necessary for higher value crops.
- Sec. 618. Loan guarantees for the purchase of stock in a farmer cooperative seeking to modernize or expand.
- Sec. 619. Intangible assets and subordinated unsecured debt required to be considered in determining eligibility of farmer-owned cooperative for business and industry guaranteed loan.
- Sec. 620. Ban on limiting eligibility of farmer cooperative for business and industry loan guarantee based on population of area in which cooperative is located.

## TITLE VII—RESEARCH AND RELATED MATTERS

### Subtitle A—Extensions

- Sec. 700. Market expansion research.
- Sec. 701. National Rural Information Center Clearinghouse.
- Sec. 702. Grants and fellowships for food and agricultural sciences education.
- Sec. 703. Policy research centers.
- Sec. 704. Human nutrition intervention and health promotion research program.
- Sec. 705. Pilot research program to combine medical and agricultural research.
- Sec. 706. Nutrition education program.
- Sec. 707. Continuing animal health and disease research programs.
- Sec. 708. Appropriations for research on national or regional problems.
- Sec. 709. Grants to upgrade agricultural and food sciences facilities at 1890 land-grant colleges, including Tuskegee University.
- Sec. 710. National research and training centennial centers at 1890 land-grant institutions.
- Sec. 711. Hispanic-serving institutions.
- Sec. 712. Competitive grants for international agricultural science and education programs.
- Sec. 713. University research.
- Sec. 714. Extension service.
- Sec. 715. Supplemental and alternative crops.
- Sec. 716. Aquaculture research facilities.
- Sec. 717. Rangeland research.
- Sec. 718. National genetics resources program.
- Sec. 719. High-priority research and extension initiatives.
- Sec. 720. Nutrient management research and extension initiative.
- Sec. 721. Agricultural telecommunications program.
- Sec. 722. Alternative Agricultural Research And Commercialization Revolving Fund.
- Sec. 723. Assistive technology program for farmers with disabilities.
- Sec. 724. Partnerships for high-value agricultural product quality research.
- Sec. 725. Biobased products.
- Sec. 726. Integrated research, education, and extension competitive grants program.
- Sec. 727. Institutional capacity building grants.
- Sec. 728. 1994 Institution research grants.
- Sec. 729. Endowment for 1994 Institutions.
- Sec. 730. Precision agriculture.
- Sec. 731. Thomas Jefferson Initiative for Crop Diversification.
- Sec. 732. Support for research regarding diseases of wheat, triticale, and barley caused by *Fusarium graminearum* or by *Tilletia indica*.
- Sec. 733. Office of Pest Management policy.
- Sec. 734. National Agricultural Research, Extension, Education, and Economics Advisory Board.
- Sec. 735. Grants for research on production and marketing of alcohols and industrial hydrocarbons from agricultural commodities and forest products.
- Sec. 736. Biomass research and development.
- Sec. 737. Agricultural experiment stations research facilities.
- Sec. 738. Competitive, Special, and Facilities Research Grants National Research Initiative.
- Sec. 739. Federal agricultural research facilities authorization of appropriations.

### Subtitle B—Modifications

- Sec. 741. Equity in Educational Land-Grant Status Act of 1994.
- Sec. 742. National Agricultural Research, Extension, and Teaching Policy Act of 1977.
- Sec. 743. Agricultural Research, Extension, and Education Reform Act of 1998.
- Sec. 744. Food, Agriculture, Conservation, and Trade Act of 1990.
- Sec. 745. National Agricultural Research, Extension, and Teaching Policy Act of 1977.
- Sec. 746. Biomass research and development.
- Sec. 747. Biotechnology risk assessment research.
- Sec. 748. Competitive, special, and facilities research grants.
- Sec. 749. Matching funds requirement for research and extension activities of 1890 Institutions.
- Sec. 750. Initiative for future agriculture and food systems.
- Sec. 751. Carbon cycle research.
- Sec. 752. Definition of food and agricultural sciences.
- Sec. 753. Federal extension service.

### Subtitle C—Related Matters

- Sec. 761. Resident instruction at land-grant colleges in United States territories.
- Sec. 762. Declaration of extraordinary emergency and resulting authorities.

### Subtitle D—Repeal of Certain Activities and Authorities

- Sec. 771. Food Safety Research Information Office and National Conference.
- Sec. 772. Reimbursement of expenses under Sheep Promotion, Research, and Information Act of 1994.
- Sec. 773. National genetic resources program.
- Sec. 774. National Advisory Board on Agricultural Weather.
- Sec. 775. Agricultural information exchange with Ireland.
- Sec. 776. Pesticide resistance study.

- Sec. 777. Expansion of education study.  
 Sec. 778. Support for Advisory Board.  
 Sec. 779. Task force on 10-year strategic plan for agricultural research facilities.

#### **Subtitle E—Agriculture Facility Protection**

- Sec. 790. Additional protections for animal or agricultural enterprises, research facilities, and other entities.

### **TITLE VIII—FORESTRY INITIATIVES**

- Sec. 801. Repeal of forestry incentives program and stewardship incentive program.  
 Sec. 802. Establishment of forest land enhancement program.  
 Sec. 803. Renewable resources extension activities.  
 Sec. 804. Enhanced community fire protection.  
 Sec. 805. International forestry program.  
 Sec. 806. Long-term forest stewardship contracts for hazardous fuels removal and implementation of National Fire Plan.  
 Sec. 807. McIntire-Stennis cooperative forestry research program.

### **TITLE IX—MISCELLANEOUS PROVISIONS**

#### **Subtitle A—Tree Assistance Program**

- Sec. 901. Eligibility.  
 Sec. 902. Assistance.  
 Sec. 903. Limitation on assistance.  
 Sec. 904. Definitions.

#### **Subtitle B—Advisory Council and Federal Interagency Working Group on Upper Mississippi River**

- Sec. 911. Definitions.  
 Sec. 912. Establishment of Advisory Council on the Upper Mississippi River Stewardship Initiative.  
 Sec. 913. Responsibilities of Advisory Council.  
 Sec. 914. Advisory nature of council.  
 Sec. 915. Federal Interagency Working Group  
 Sec. 916. Authorization of appropriations.

#### **Subtitle C—Other Matters**

- Sec. 921. Hazardous fuel reduction grants to prevent wildfire disasters and transform hazardous fuels to electric energy, useful heat, or transportation fuels.  
 Sec. 922. Bioenergy program.  
 Sec. 923. Availability of section 32 funds.  
 Sec. 924. Seniors farmers' market nutrition program.  
 Sec. 925. Federal marketing order for cane berries.  
 Sec. 926. National Appeals Division.  
 Sec. 927. Outreach and assistance for socially disadvantaged farmers and ranchers.

## **TITLE I—COMMODITY PROGRAMS**

### **SEC. 100. DEFINITIONS.**

In this title (other than chapter 3 of subtitle C):

(1) **AGRICULTURAL ACT OF 1949.**—The term “Agricultural Act of 1949” means the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), as in effect prior to the suspensions under section 171 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301).

(2) **BASE ACRES.**—The term “base acres”, with respect to a covered commodity on a farm, means the number of acres established under section 103 with respect to the commodity upon the election made by the producers on the farm under subsection (a) of such section.

(3) **COUNTER-CYCLICAL PAYMENT.**—The term “counter-cyclical payment” means a payment made to producers under section 105.

(4) **COVERED COMMODITY.**—The term “covered commodity” means wheat, corn, grain sorghum, barley, oats, upland cotton, rice, soybeans, and other oilseeds.

(5) **EFFECTIVE PRICE.**—The term “effective price”, with respect to a covered commodity for a crop year, means the price calculated by the Secretary under section 105 to determine whether counter-cyclical payments are required to be made for that crop year.

(6) **ELIGIBLE PRODUCER.**—The term “eligible producer” means a producer described in section 101(a).

(7) **FIXED, DECOUPLED PAYMENT.**—The term “fixed, decoupled payment” means a payment made to producers under section 104.

(8) **OTHER OILSEED.**—The term “other oilseed” means a crop of sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, or, if designated by the Secretary, another oilseed.

(9) **PAYMENT ACRES.**—The term “payment acres” means 85 percent of the base acres of a covered commodity on a farm, as established under section 103, upon which fixed, decoupled payments and counter-cyclical payments are to be made.

(10) **PAYMENT YIELD.**—The term “payment yield” means the yield established under section 102 for a farm for a covered commodity.

(11) **PRODUCER.**—The term “producer” means an owner, operator, landlord, tenant, or sharecropper who shares in the risk of producing a crop and who is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced. In determining whether a grower of hybrid seed is a producer, the Secretary shall not take into consideration the existence of a hybrid seed contract and shall ensure that program requirements do not adversely affect the ability of the grower to receive a payment under this title.

(12) **SECRETARY.**—The term “Secretary” means the Secretary of Agriculture.

(13) **STATE.**—The term “State” means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

(14) **TARGET PRICE.**—The term “target price” means the price per bushel (or other appropriate unit in the case of upland cotton, rice, and other oilseeds) of a covered commodity used to determine the payment rate for counter-cyclical payments.

(15) **UNITED STATES.**—The term “United States”, when used in a geographical sense, means all of the States.

## **Subtitle A—Fixed Decoupled Payments and Counter-Cyclical Payments**

### **SEC. 101. PAYMENTS TO ELIGIBLE PRODUCERS.**

(a) **PAYMENTS REQUIRED.**—Beginning with the 2002 crop of covered commodities, the Secretary shall make fixed decoupled payments and counter-cyclical payments under this subtitle—

(1) to producers on a farm that were parties to a production flexibility contract under section 111 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7211) for fiscal year 2002; and

(2) to other producers on farms in the United States as described in section 103(a).

(b) **TENANTS AND SHARECROPPERS.**—In carrying out this title, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

(c) **SHARING OF PAYMENTS.**—The Secretary shall provide for the sharing of fixed, decoupled payments and counter-cyclical payments among the eligible producers on a farm on a fair and equitable basis.

### **SEC. 102. ESTABLISHMENT OF PAYMENT YIELD.**

(a) **ESTABLISHMENT AND PURPOSE.**—For the purpose of making fixed decoupled payments and counter-cyclical payments under this subtitle, the Secretary shall provide for the establishment of a payment yield for each farm for each covered commodity in accordance with this section.

(b) **USE OF FARM PROGRAM PAYMENT YIELD.**—Except as otherwise provided in this section, the payment yield for each of the 2002 through 2011 crops of a covered commodity for a farm shall be the farm program payment yield in effect for the 2002 crop of the covered commodity under section 505 of the Agricultural Act of 1949 (7 U.S.C. 1465).

(c) **FARMS WITHOUT FARM PROGRAM PAYMENT YIELD.**—In the case of a farm for which a farm program payment yield is unavailable for a covered commodity (other than soybeans or other oilseeds), the Secretary shall establish an appropriate payment yield for the covered commodity on the farm taking in consideration the farm program payment yields applicable to the commodity under subsection (b) for similar farms in the area.

(d) **PAYMENT YIELDS FOR OILSEEDS.**—

(1) **AVERAGE YIELD.**—In the case of soybeans and each other oilseed, the Secretary shall establish a payment yield for a farm for the oilseed by first determining the average yield for the oilseed on the farm for the 1998 through 2001 crop years, excluding any crop year in which the acreage planted to the oilseed was zero. If, for any of these four crop years in which the oilseed was planted, the farm would have satisfied the eligibility criteria established to carry out section 1102 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (Public Law 105–277; 7 U.S.C. 1421 note), the Secretary shall assign a yield for that year equal to 65 percent of the county yield.

(2) **REDUCTION.**—The Secretary shall reduce the average yield determined under paragraph (1) for the oilseed by a percentage equal to the percentage in-

crease in national average yields for the oilseed between the following two periods:

- (A) The 1981 through 1985 crops.
- (B) The 1998 through 2001 crops.

**SEC. 103. ESTABLISHMENT OF BASE ACRES AND PAYMENT ACRES FOR A FARM.**

(a) **ELECTION BY PRODUCERS OF BASE ACRE CALCULATION METHOD.**—For the purpose of making fixed decoupled payments and counter-cyclical payments with respect to a farm, the Secretary shall give producers on the farm an opportunity to elect one of the following as the method by which the base acres of all covered commodities on the farm are to be determined:

(1) The four-year average of acreage actually planted on the farm to a covered commodity for harvest, grazing, haying, silage, or other similar purposes during crop years 1998, 1999, 2000, and 2001 and any acreage on the farm that the producers were prevented from planting during such crop years to the covered commodity because of drought, flood, or other natural disaster, or other condition beyond the control of the producer, as determined by the Secretary.

(2) The contract acreage (as defined in section 102 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7202)) used by the Secretary to calculate the fiscal year 2002 payment that, subject to section 109, would be made under section 114 of such Act (7 U.S.C. 7214) for the covered commodity on the farm.

(b) **SINGLE ELECTION; TIME FOR ELECTION.**—The opportunity to make the election described in subsection (a) shall be available to producers on a farm only once. The producers shall notify the Secretary of the election made by the producers under such subsection not later than 180 days after the date of the enactment of this Act.

(c) **EFFECT OF FAILURE TO MAKE ELECTION.**—If the producers on a farm fail to make the election under subsection (a), or fail to timely notify the Secretary of the selected option as required by subsection (b), the producers shall be deemed to have made the election described in subsection (a)(2) to determine base acres for all covered commodities on the farm.

(d) **APPLICATION OF ELECTION TO ALL COVERED COMMODITIES.**—The election made under subsection (a) or deemed to be made under subsection (c) with respect to a farm shall apply to all of the covered commodities on the farm. Producers may not make the election described in subsection (a)(1) for one covered commodity and the election described in subsection (a)(2) for other covered commodities on the farm.

(e) **TREATMENT OF CONSERVATION RESERVE CONTRACT ACREAGE.**—

(1) **IN GENERAL.**—In the case of producers on a farm that make the election described in subsection (a)(2), the Secretary shall provide for an adjustment in the base acres for the farm whenever either of the following circumstances occur:

(A) A conservation reserve contract entered into under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) with respect to the farm expires or is voluntarily terminated.

(B) Cropland is released from coverage under a conservation reserve contract by the Secretary.

(2) **SPECIAL PAYMENT RULES.**—For the fiscal year and crop year in which a base acre adjustment under paragraph (1) is first made, the producers on the farm shall elect to receive either fixed decoupled payments and counter-cyclical payments with respect to the acreage added to the farm under this subsection or a prorated payment under the conservation reserve contract, but not both.

(f) **PAYMENT ACRES.**—The payment acres for a covered commodity on a farm shall be equal to 85 percent of the base acres for the commodity.

(g) **PREVENTION OF EXCESS PAYMENT ACRES.**—

(1) **REQUIRED REDUCTION.**—If the sum of the base acres for a farm, together with the acreage described in paragraph (2), exceeds the actual cropland acreage of the farm, the Secretary shall reduce the quantity of base acres for one or more covered commodities for the farm or peanut acres for the farm as necessary so that the sum of the base acres and acreage described in paragraph (2) does not exceed the actual cropland acreage of the farm. The Secretary shall give the producers on the farm the opportunity to select the base acres or peanut acres against which the reduction will be made.

(2) **OTHER ACREAGE.**—For purposes of paragraph (1), the Secretary shall include the following:

(A) Any peanut acres for the farm under chapter 3 of subtitle C.

(B) Any acreage on the farm enrolled in the conservation reserve program or wetlands reserve program under chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.).

(C) Any other acreage on the farm enrolled in a conservation program for which payments are made in exchange for not producing an agricultural commodity on the acreage.

**SEC. 104. AVAILABILITY OF FIXED, DECOUPLED PAYMENTS.**

(a) **PAYMENT REQUIRED.**—For each of the 2002 through 2011 crop years of each covered commodity, the Secretary shall make fixed, decoupled payments to eligible producers.

(b) **PAYMENT RATE.**—The payment rates used to make fixed, decoupled payments with respect to covered commodities for a crop year are as follows:

- (1) Wheat, \$0.53 per bushel.
- (2) Corn, \$0.30 per bushel.
- (3) Grain sorghum, \$0.36 per bushel.
- (4) Barley, \$0.25 per bushel.
- (5) Oats, \$0.025 per bushel.
- (6) Upland cotton, \$0.0667 per pound.
- (7) Rice, \$2.35 per hundredweight.
- (8) Soybeans, \$0.42 per bushel.
- (9) Other oilseeds, \$0.0074 per pound.

(c) **PAYMENT AMOUNT.**—The amount of the fixed, decoupled payment to be paid to the eligible producers on a farm for a covered commodity for a crop year shall be equal to the product of the following:

- (1) The payment rate specified in subsection (b).
- (2) The payment acres of the covered commodity on the farm.
- (3) The payment yield for the covered commodity for the farm.

(d) **TIME FOR PAYMENT.**—

(1) **GENERAL RULE.**—Fixed, decoupled payments shall be paid not later than September 30 of each of fiscal years 2002 through 2011. In the case of the 2002 crop, payments may begin to be made on or after December 1, 2001.

(2) **ADVANCE PAYMENTS.**—At the option of an eligible producer, 50 percent of the fixed, decoupled payment for a fiscal year shall be paid on a date selected by the producer. The selected date shall be on or after December 1 of that fiscal year, and the producer may change the selected date for a subsequent fiscal year by providing advance notice to the Secretary.

(3) **REPAYMENT OF ADVANCE PAYMENTS.**—If a producer that receives an advance fixed, decoupled payment for a fiscal year ceases to be an eligible producer before the date the fixed, decoupled payment would otherwise have been made by the Secretary under paragraph (1), the producer shall be responsible for repaying the Secretary the full amount of the advance payment.

**SEC. 105. AVAILABILITY OF COUNTER-CYCLICAL PAYMENTS.**

(a) **PAYMENT REQUIRED.**—The Secretary shall make counter-cyclical payments with respect to a covered commodity whenever the Secretary determines that the effective price for the commodity is less than the target price for the commodity.

(b) **EFFECTIVE PRICE.**—For purposes of subsection (a), the effective price for a covered commodity is equal to the sum of the following:

- (1) The higher of the following:
  - (A) The national average market price received by producers during the 12-month marketing year for the commodity, as determined by the Secretary.
  - (B) The national average loan rate for a marketing assistance loan for the covered commodity in effect for the same period under subtitle B.
- (2) The payment rate in effect for the covered commodity under section 104 for the purpose of making fixed, decoupled payments with respect to the commodity.

(c) **TARGET PRICE.**—For purposes of subsection (a), the target prices for covered commodities are as follows:

- (1) Wheat, \$4.04 per bushel.
- (2) Corn, \$2.78 per bushel.
- (3) Grain sorghum, \$2.64 per bushel.
- (4) Barley, \$2.39 per bushel.
- (5) Oats, \$1.47 per bushel.
- (6) Upland cotton, \$0.736 per pound.
- (7) Rice, \$10.82 per hundredweight.
- (8) Soybeans, \$5.86 per bushel.
- (9) Other oilseeds, \$0.1036 per pound.

(d) **PAYMENT RATE.**—The payment rate used to make counter-cyclical payments with respect to a covered commodity for a crop year shall be equal to the difference between—

- (1) the target price for the commodity; and



(2) the effective price determined under subsection (b) for the commodity.

(e) **PAYMENT AMOUNT.**—The amount of the counter-cyclical payment to be paid to the eligible producers on a farm for a covered commodity for a crop year shall be equal to the product of the following:

- (1) The payment rate specified in subsection (d).
- (2) The payment acres of the covered commodity on the farm.
- (3) The payment yield for the covered commodity for the farm.

(f) **TIME FOR PAYMENTS.**—

(1) **GENERAL RULE.**—The Secretary shall make counter-cyclical payments under this section for a crop of a covered commodity as soon as possible after determining under subsection (a) that such payments are required for that crop year.

(2) **PARTIAL PAYMENT.**—The Secretary may permit, and, if so permitted, an eligible producer may elect to receive, up to 50 percent of the projected counter-cyclical payment, as determined by the Secretary, to be made under this section for a crop of a covered commodity upon completion of the first six months of the marketing year for that crop. The producer shall repay to the Secretary the amount, if any, by which the partial payment exceeds the actual counter-cyclical payment to be made for that marketing year.

(g) **SPECIAL RULE FOR CURRENTLY UNDESIGNATED OILSEED.**—If the Secretary uses the authority under section 100(8) to designate another oilseed as an oilseed for which counter-cyclical payments may be made, the Secretary may modify the target price specified in subsection (c)(9) that would otherwise apply to that oilseed as the Secretary considers appropriate.

**SEC. 106. PRODUCER AGREEMENT REQUIRED AS CONDITION ON PROVISION OF FIXED, DECOUPLED PAYMENTS AND COUNTER-CYCLICAL PAYMENTS.**

(a) **COMPLIANCE WITH CERTAIN REQUIREMENTS.**—

(1) **REQUIREMENTS.**—Before the producers on a farm may receive fixed, decoupled payments or counter-cyclical payments with respect to the farm, the producers shall agree, in exchange for the payments—

(A) to comply with applicable conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.);

(B) to comply with applicable wetland protection requirements under subtitle C of title XII of the Act (16 U.S.C. 3821 et seq.);

(C) to comply with the planting flexibility requirements of section 107; and

(D) to use the land on the farm, in an amount equal to the base acres, for an agricultural or conserving use, and not for a nonagricultural commercial or industrial use, as determined by the Secretary.

(2) **COMPLIANCE.**—The Secretary may issue such rules as the Secretary considers necessary to ensure producer compliance with the requirements of paragraph (1).

(b) **EFFECT OF FORECLOSURE.**—A producer may not be required to make repayments to the Secretary of fixed, decoupled payments and counter-cyclical payments if the farm has been foreclosed on and the Secretary determines that forgiving the repayments is appropriate to provide fair and equitable treatment. This subsection shall not void the responsibilities of the producer under subsection (a) if the producer continues or resumes operation, or control, of the farm. On the resumption of operation or control over the farm by the producer, the requirements of subsection (a) in effect on the date of the foreclosure shall apply.

(c) **TRANSFER OR CHANGE OF INTEREST IN FARM.**—

(1) **TERMINATION.**—Except as provided in paragraph (4), a transfer of (or change in) the interest of a producer in base acres for which fixed, decoupled payments or counter-cyclical payments are made shall result in the termination of the payments with respect to the base acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a). The termination shall be effective on the date of the transfer or change.

(2) **TRANSFER OF PAYMENT BASE.**—There is no restriction on the transfer of a farm's base acres or payment yield as part of a change in the producers on the farm.

(3) **MODIFICATION.**—At the request of the transferee or owner, the Secretary may modify the requirements of subsection (a) if the modifications are consistent with the objectives of such subsection, as determined by the Secretary.

(4) **EXCEPTION.**—If a producer entitled to a fixed, decoupled payment or counter-cyclical payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with regulations prescribed by the Secretary.

(d) **ACREAGE REPORTS.**—

(1) **IN GENERAL.**—As a condition on the receipt of any benefits under this subtitle or subtitle B, the Secretary shall require producers to submit to the Secretary acreage reports.

(2) **CONFORMING AMENDMENT.**—Section 15 of the Agricultural Marketing Act (12 U.S.C. 1141j) is amended by striking subsection (d).

(e) **REVIEW.**—A determination of the Secretary under this section shall be considered to be an adverse decision for purposes of the availability of administrative review of the determination.

**SEC. 107. PLANTING FLEXIBILITY.**

(a) **PERMITTED CROPS.**—Subject to subsection (b), any commodity or crop may be planted on base acres on a farm.

(b) **LIMITATIONS AND EXCEPTIONS REGARDING FRUITS AND VEGETABLES.**—

(1) **LIMITATIONS.**—The planting of fruits and vegetables (other than lentils, mung beans, and dry peas) shall be prohibited on base acres.

(2) **EXCEPTIONS.**—Paragraph (1) shall not limit the planting of a fruit or vegetable—

(A) in any region in which there is a history of double-cropping of covered commodities with fruits or vegetables, as determined by the Secretary, in which case the double-cropping shall be permitted;

(B) on a farm that the Secretary determines has a history of planting fruits or vegetables on base acres, except that fixed, decoupled payments and counter-cyclical payments shall be reduced by an acre for each acre planted to the fruit or vegetable; or

(C) by a producer who the Secretary determines has an established planting history of a specific fruit or vegetable, except that—

(i) the quantity planted may not exceed the producer's average annual planting history of the fruit or vegetable in the 1991 through 1995 crop years (excluding any crop year in which no plantings were made), as determined by the Secretary; and

(ii) fixed, decoupled payments and counter-cyclical payments shall be reduced by an acre for each acre planted to the fruit or vegetable.

**SEC. 108. RELATION TO REMAINING PAYMENT AUTHORITY UNDER PRODUCTION FLEXIBILITY CONTRACTS.**

(a) **TERMINATION OF SUPERSEDED PAYMENT AUTHORITY.**—Notwithstanding section 113(a)(7) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7213(a)(7)) or any other provision of law, the Secretary shall not make payments for fiscal year 2002 after the date of the enactment of this Act under production flexibility contracts entered into under section 111 of such Act (7 U.S.C. 7211).

(b) **CONTRACT PAYMENTS MADE BEFORE ENACTMENT.**—If, on or before the date of the enactment of this Act, a producer receives all or any portion of the payment authorized for fiscal year 2002 under a production flexibility contract, the Secretary shall reduce the amount of the fixed, decoupled payment otherwise due the producer for that same fiscal year by the amount of the fiscal year 2002 payment previously received by the producer.

**SEC. 109. PAYMENT LIMITATIONS.**

Sections 1001 through 1001C of the Food Security Act of 1985 (7 U.S.C. 1308 through 1308–3) shall apply to fixed, decoupled payments and counter-cyclical payments. A producer eligible to receive a fixed, decoupled payment or counter-cyclical payment satisfies the requirements of section 1001A(b) of such Act.

**SEC. 110. PERIOD OF EFFECTIVENESS.**

This subtitle shall be effective beginning with the 2002 crop year of each covered commodity through the 2011 crop year.

## **Subtitle B—Marketing Assistance Loans and Loan Deficiency Payments**

**SEC. 121. AVAILABILITY OF NONRECOURSE MARKETING ASSISTANCE LOANS FOR COVERED COMMODITIES.**

(a) **NONRECOURSE LOANS AVAILABLE.**—

(1) **AVAILABILITY.**—For each of the 2002 through 2011 crops of each covered commodity, the Secretary shall make available to producers on a farm non-recourse marketing assistance loans for covered commodities produced on the farm. The loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under section 122 for the covered commodity.

(2) INCLUSION OF EXTRA LONG STAPLE COTTON.—In this subtitle, the term “covered commodity” includes extra long staple cotton.

(b) ELIGIBLE PRODUCTION.—Any production of a covered commodity on a farm shall be eligible for a marketing assistance loan under subsection (a).

(c) TREATMENT OF CERTAIN COMMINGLED COMMODITIES.—In carrying out this subtitle, the Secretary shall make loans to a producer that is otherwise eligible to obtain a marketing assistance loan, but for the fact the covered commodity owned by the producer is commingled with covered commodities of other producers in facilities unlicensed for the storage of agricultural commodities by the Secretary or a State licensing authority, if the producer obtaining the loan agrees to immediately redeem the loan collateral in accordance with section 166 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7286).

(d) COMPLIANCE WITH CONSERVATION AND WETLANDS REQUIREMENTS.—As a condition of the receipt of a marketing assistance loan under subsection (a), the producer shall comply with applicable conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.) and applicable wetland protection requirements under subtitle C of title XII of the Act (16 U.S.C. 3821 et seq.) during the term of the loan.

(e) DEFINITION OF EXTRA LONG STAPLE COTTON.—In this subtitle, the term “extra long staple cotton” means cotton that—

(1) is produced from pure strain varieties of the Barbados species or any hybrid thereof, or other similar types of extra long staple cotton, designated by the Secretary, having characteristics needed for various end uses for which United States upland cotton is not suitable and grown in irrigated cotton-growing regions of the United States designated by the Secretary or other areas designated by the Secretary as suitable for the production of the varieties or types; and

(2) is ginned on a roller-type gin or, if authorized by the Secretary, ginned on another type gin for experimental purposes.

(f) TERMINATION OF SUPERSEDED LOAN AUTHORITY.—Notwithstanding section 131 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7231), nonrecourse marketing assistance loans shall not be made for the 2002 crop of covered commodities under subtitle C of title I of such Act.

#### SEC. 122. LOAN RATES FOR NONRECOURSE MARKETING ASSISTANCE LOANS.

(a) WHEAT.—

(1) LOAN RATE.—Subject to paragraph (2), the loan rate for a marketing assistance loan under section 121 for wheat shall be—

(A) not less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding five crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than \$2.58 per bushel.

(2) STOCKS TO USE RATIO ADJUSTMENT.—If the Secretary estimates for any marketing year that the ratio of ending stocks of wheat to total use for the marketing year will be—

(A) equal to or greater than 30 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 10 percent in any year;

(B) less than 30 percent but not less than 15 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 5 percent in any year; or

(C) less than 15 percent, the Secretary may not reduce the loan rate for wheat for the corresponding crop.

(b) FEED GRAINS.—

(1) LOAN RATE FOR CORN AND GRAIN SORGHUM.—Subject to paragraph (2), the loan rate for a marketing assistance loan under section 121 for corn and grain sorghum shall be—

(A) not less than 85 percent of the simple average price received by producers of corn or grain sorghum, respectively, as determined by the Secretary, during the marketing years for the immediately preceding five crops of the covered commodity, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than \$1.89 per bushel.

(2) STOCKS TO USE RATIO ADJUSTMENT.—If the Secretary estimates for any marketing year that the ratio of ending stocks of corn or grain sorghum to total use for the marketing year will be—

(A) equal to or greater than 25 percent, the Secretary may reduce the loan rate for the covered commodity for the corresponding crop by an amount not to exceed 10 percent in any year;

(B) less than 25 percent but not less than 12.5 percent, the Secretary may reduce the loan rate for the covered commodity for the corresponding crop by an amount not to exceed 5 percent in any year; or

(C) less than 12.5 percent, the Secretary may not reduce the loan rate for the covered commodity for the corresponding crop.

(3) OTHER FEED GRAINS.—The loan rate for a marketing assistance loan under section 121 for barley and oats shall be—

(A) established at such level as the Secretary determines is fair and reasonable in relation to the rate that loans are made available for corn, taking into consideration the feeding value of the commodity in relation to corn, but

(B) not more than—

(i) \$1.65 per bushel for barley; and

(ii) \$1.21 per bushel for oats.

(c) UPLAND COTTON.—

(1) LOAN RATE.—Subject to paragraph (2), the loan rate for a marketing assistance loan under section 121 for upland cotton shall be established by the Secretary at such loan rate, per pound, as will reflect for the base quality of upland cotton, as determined by the Secretary, at average locations in the United States a rate that is not less than the smaller of—

(A) 85 percent of the average price (weighted by market and month) of the base quality of cotton as quoted in the designated United States spot markets during three years of the five-year period ending July 31 of the year preceding the year in which the crop is planted, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

(B) 90 percent of the average, for the 15-week period beginning July 1 of the year preceding the year in which the crop is planted, of the five lowest-priced growths of the growths quoted for Middling  $1\frac{3}{32}$ -inch cotton C.I.F. Northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year preceding the year in which the crop is planted between the average Northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for the base quality of upland cotton), as determined by the Secretary.

(2) LIMITATIONS.—The loan rate for a marketing assistance loan for upland cotton shall not be less than \$0.50 per pound or more than \$0.5192 per pound.

(d) EXTRA LONG STAPLE COTTON.—The loan rate for a marketing assistance loan under section 121 for extra long staple cotton shall be—

(1) not less than 85 percent of the simple average price received by producers of extra long staple cotton, as determined by the Secretary, during three years of the five-year period ending July 31 of the year preceding the year in which the crop is planted, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(2) not more than \$0.7965 per pound.

(e) RICE.—The loan rate for a marketing assistance loan under section 121 for rice shall be \$6.50 per hundredweight.

(f) OILSEEDS.—

(1) SOYBEANS.—The loan rate for a marketing assistance loan under section 121 for soybeans shall be—

(A) not less than 85 percent of the simple average price received by producers of soybeans, as determined by the Secretary, during the marketing years for the immediately preceding five crops of soybeans, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than \$4.92 per bushel.

(2) OTHER OILSEEDS.—The loan rate for a marketing assistance loan under section 121 for other oilseeds shall be—

(A) not less than 85 percent of the simple average price received by producers of the other oilseed, as determined by the Secretary, during the marketing years for the immediately preceding five crops of the other oilseed, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than \$0.087 per pound.

**SEC. 123. TERM OF LOANS.**

(a) **TERM OF LOAN.**—In the case of each covered commodity (other than upland cotton or extra long staple cotton), a marketing assistance loan under section 121 shall have a term of nine months beginning on the first day of the first month after the month in which the loan is made.

(b) **SPECIAL RULE FOR COTTON.**—A marketing assistance loan for upland cotton or extra long staple cotton shall have a term of 10 months beginning on the first day of the month in which the loan is made.

(c) **EXTENSIONS PROHIBITED.**—The Secretary may not extend the term of a marketing assistance loan for any covered commodity.

**SEC. 124. REPAYMENT OF LOANS.**

(a) **REPAYMENT RATES FOR WHEAT, FEED GRAINS, AND OILSEEDS.**—The Secretary shall permit a producer to repay a marketing assistance loan under section 121 for wheat, corn, grain sorghum, barley, oats, and oilseeds at a rate that is the lesser of—

- (1) the loan rate established for the commodity under section 122, plus interest (as determined by the Secretary); or
- (2) a rate that the Secretary determines will—
  - (A) minimize potential loan forfeitures;
  - (B) minimize the accumulation of stocks of the commodity by the Federal Government;
  - (C) minimize the cost incurred by the Federal Government in storing the commodity; and
  - (D) allow the commodity produced in the United States to be marketed freely and competitively, both domestically and internationally.

(b) **REPAYMENT RATES FOR UPLAND COTTON AND RICE.**—The Secretary shall permit producers to repay a marketing assistance loan under section 121 for upland cotton and rice at a rate that is the lesser of—

- (1) the loan rate established for the commodity under section 122, plus interest (as determined by the Secretary); or
- (2) the prevailing world market price for the commodity (adjusted to United States quality and location), as determined by the Secretary.

(c) **REPAYMENT RATES FOR EXTRA LONG STAPLE COTTON.**—Repayment of a marketing assistance loan for extra long staple cotton shall be at the loan rate established for the commodity under section 122, plus interest (as determined by the Secretary).

(d) **PREVAILING WORLD MARKET PRICE.**—For purposes of this section and section 127, the Secretary shall prescribe by regulation—

- (1) a formula to determine the prevailing world market price for each covered commodity, adjusted to United States quality and location; and
- (2) a mechanism by which the Secretary shall announce periodically the prevailing world market price for each covered commodity.

(e) **ADJUSTMENT OF PREVAILING WORLD MARKET PRICE FOR UPLAND COTTON.**—

(1) **IN GENERAL.**—During the period beginning on the date of the enactment of this Act and ending July 31, 2012, the prevailing world market price for upland cotton (adjusted to United States quality and location) established under subsection (d) shall be further adjusted if—

(A) the adjusted prevailing world market price is less than 115 percent of the loan rate for upland cotton established under section 122, as determined by the Secretary; and

(B) the Friday through Thursday average price quotation for the lowest-priced United States growth as quoted for Middling (M)  $1\frac{3}{32}$ -inch cotton delivered C.I.F. Northern Europe is greater than the Friday through Thursday average price of the 5 lowest-priced growths of upland cotton, as quoted for Middling (M)  $1\frac{3}{32}$ -inch cotton, delivered C.I.F. Northern Europe (referred to in this section as the “Northern Europe price”).

(2) **FURTHER ADJUSTMENT.**—Except as provided in paragraph (3), the adjusted prevailing world market price for upland cotton shall be further adjusted on the basis of some or all of the following data, as available:

- (A) The United States share of world exports.
- (B) The current level of cotton export sales and cotton export shipments.
- (C) Other data determined by the Secretary to be relevant in establishing an accurate prevailing world market price for upland cotton (adjusted to United States quality and location).

(3) **LIMITATION ON FURTHER ADJUSTMENT.**—The adjustment under paragraph (2) may not exceed the difference between—

- (A) the Friday through Thursday average price for the lowest-priced United States growth as quoted for Middling 1 $\frac{3}{32}$ -inch cotton delivered C.I.F. Northern Europe; and
- (B) the Northern Europe price.

**SEC. 125. LOAN DEFICIENCY PAYMENTS.**

(a) **AVAILABILITY OF LOAN DEFICIENCY PAYMENTS.**—Except as provided in subsection (d), the Secretary may make loan deficiency payments available to producers who, although eligible to obtain a marketing assistance loan under section 121 with respect to a covered commodity, agree to forgo obtaining the loan for the commodity in return for payments under this section.

(b) **COMPUTATION.**—A loan deficiency payment under this section shall be computed by multiplying—

(1) the loan payment rate determined under subsection (c) for the covered commodity; by

(2) the quantity of the covered commodity produced by the eligible producers, excluding any quantity for which the producers obtain a loan under section 121.

(c) **LOAN PAYMENT RATE.**—For purposes of this section, the loan payment rate shall be the amount by which—

(1) the loan rate established under section 122 for the covered commodity; exceeds

(2) the rate at which a loan for the commodity may be repaid under section 124.

(d) **EXCEPTION FOR EXTRA LONG STAPLE COTTON.**—This section shall not apply with respect to extra long staple cotton.

(e) **TIME FOR PAYMENT.**—The Secretary shall make a payment under this section to a producer with respect to a quantity of a covered commodity as of the earlier of the following:

(1) The date on which the producer marketed or otherwise lost beneficial interest in the commodity, as determined by the Secretary.

(2) The date the producer requests the payment.

**SEC. 126. PAYMENTS IN LIEU OF LOAN DEFICIENCY PAYMENTS FOR GRAZED ACREAGE.**

(a) **ELIGIBLE PRODUCERS.**—Effective for the 2002 through 2011 crop years, in the case of a producer that would be eligible for a loan deficiency payment under section 125 for wheat, barley, or oats, but that elects to use acreage planted to the wheat, barley, or oats for the grazing of livestock, the Secretary shall make a payment to the producer under this section if the producer enters into an agreement with the Secretary to forgo any other harvesting of the wheat, barley, or oats on that acreage.

(b) **PAYMENT AMOUNT.**—The amount of a payment made to a producer on a farm under this section shall be equal to the amount determined by multiplying—

(1) the loan deficiency payment rate determined under section 125(c) in effect, as of the date of the agreement, for the county in which the farm is located; by

(2) the payment quantity determined by multiplying—

(A) the quantity of the grazed acreage on the farm with respect to which the producer elects to forgo harvesting of wheat, barley, or oats; and

(B) the payment yield for that covered commodity on the farm.

(c) **TIME, MANNER, AND AVAILABILITY OF PAYMENT.**—

(1) **TIME AND MANNER.**—A payment under this section shall be made at the same time and in the same manner as loan deficiency payments are made under section 125.

(2) **AVAILABILITY.**—The Secretary shall establish an availability period for the payment authorized by this section that is consistent with the availability period for wheat, barley, and oats established by the Secretary for marketing assistance loans authorized by this subtitle.

(d) **PROHIBITION ON CROP INSURANCE OR NONINSURED CROP ASSISTANCE.**—A 2002 through 2011 crop of wheat, barley, or oats planted on acreage that a producer elects, in the agreement required by subsection (a), to use for the grazing of livestock in lieu of any other harvesting of the crop shall not be eligible for insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) or noninsured crop assistance under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333).

**SEC. 127. SPECIAL MARKETING LOAN PROVISIONS FOR UPLAND COTTON.**

(a) **COTTON USER MARKETING CERTIFICATES.**—

(1) **ISSUANCE.**—During the period beginning on the date of the enactment of this Act and ending July 31, 2012, the Secretary shall issue marketing certificates or cash payments, at the option of the recipient, to domestic users and

exporters for documented purchases by domestic users and sales for export by exporters made in the week following a consecutive four-week period in which—

(A) the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M)  $1\frac{3}{32}$ -inch cotton, delivered C.I.F. Northern Europe exceeds the Northern Europe price by more than 1.25 cents per pound; and

(B) the prevailing world market price for upland cotton (adjusted to United States quality and location) does not exceed 134 percent of the loan rate for upland cotton established under section 122.

(2) VALUE OF CERTIFICATES OR PAYMENTS.—The value of the marketing certificates or cash payments shall be based on the amount of the difference (reduced by 1.25 cents per pound) in the prices during the fourth week of the consecutive four-week period multiplied by the quantity of upland cotton included in the documented sales.

(3) ADMINISTRATION OF MARKETING CERTIFICATES.—

(A) REDEMPTION, MARKETING, OR EXCHANGE.—The Secretary shall establish procedures for redeeming marketing certificates for cash or marketing or exchange of the certificates for agricultural commodities owned by the Commodity Credit Corporation or pledged to the Commodity Credit Corporation as collateral for a loan in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates, including enhancing the competitiveness and marketability of United States cotton. Any price restrictions that would otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this subsection.

(B) DESIGNATION OF COMMODITIES AND PRODUCTS.—To the extent practicable, the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites, the owners would prefer to receive in exchange for certificates

(C) TRANSFERS.—Marketing certificates issued to domestic users and exporters of upland cotton may be transferred to other persons in accordance with regulations issued by the Secretary.

(b) SPECIAL IMPORT QUOTA.—

(1) ESTABLISHMENT.—

(A) IN GENERAL.—The President shall carry out an import quota program during the period beginning on the date of the enactment of this Act and ending July 31, 2012, as provided in this subsection.

(B) PROGRAM REQUIREMENTS.—Except as provided in subparagraph (C), whenever the Secretary determines and announces that for any consecutive four-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M)  $1\frac{3}{32}$ -inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificate issued under subsection (a), exceeds the Northern Europe price by more than 1.25 cents per pound, there shall immediately be in effect a special import quota.

(C) TIGHT DOMESTIC SUPPLY.—During any month for which the Secretary estimates the season-ending United States upland cotton stocks-to-use ratio, as determined under subparagraph (D), to be below 16 percent, the Secretary, in making the determination under subparagraph (B), shall not adjust the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M)  $1\frac{3}{32}$ -inch cotton, delivered C.I.F. Northern Europe, for the value of any certificates issued under subsection (a).

(D) SEASON-ENDING UNITED STATES STOCKS-TO-USE RATIO.—For the purposes of making estimates under subparagraph (C), the Secretary shall, on a monthly basis, estimate and report the season-ending United States upland cotton stocks-to-use ratio, excluding projected raw cotton imports but including the quantity of raw cotton that has been imported into the United States during the marketing year.

(2) QUANTITY.—The quota shall be equal to one week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the most recent three months for which data are available.

(3) APPLICATION.—The quota shall apply to upland cotton purchased not later than 90 days after the date of the Secretary's announcement under paragraph (1) and entered into the United States not later than 180 days after the date.

(4) OVERLAP.—A special quota period may be established that overlaps any existing quota period if required by paragraph (1), except that a special quota

period may not be established under this subsection if a quota period has been established under subsection (c).

(5) **PREFERENTIAL TARIFF TREATMENT.**—The quantity under a special import quota shall be considered to be an in-quota quantity for purposes of—

(A) section 213(d) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(d));

(B) section 204 of the Andean Trade Preference Act (19 U.S.C. 3203);

(C) section 503(d) of the Trade Act of 1974 (19 U.S.C. 2463(d)); and

(D) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

(6) **DEFINITION.**—In this subsection, the term “special import quota” means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

(7) **LIMITATION.**—The quantity of cotton entered into the United States during any marketing year under the special import quota established under this subsection may not exceed the equivalent of five week’s consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the three months immediately preceding the first special import quota established in any marketing year.

(c) **LIMITED GLOBAL IMPORT QUOTA FOR UPLAND COTTON.**—

(1) **IN GENERAL.**—The President shall carry out an import quota program that provides that whenever the Secretary determines and announces that the average price of the base quality of upland cotton, as determined by the Secretary, in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in the markets for the preceding 36 months, notwithstanding any other provision of law, there shall immediately be in effect a limited global import quota subject to the following conditions:

(A) **QUANTITY.**—The quantity of the quota shall be equal to 21 days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent three months for which data are available.

(B) **QUANTITY IF PRIOR QUOTA.**—If a quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established under this subsection shall be the smaller of 21 days of domestic mill consumption calculated under subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

(C) **PREFERENTIAL TARIFF TREATMENT.**—The quantity under a limited global import quota shall be considered to be an in-quota quantity for purposes of—

(i) section 213(d) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(d));

(ii) section 204 of the Andean Trade Preference Act (19 U.S.C. 3203);

(iii) section 503(d) of the Trade Act of 1974 (19 U.S.C. 2463(d)); and

(iv) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

(D) **DEFINITIONS.**—In this subsection:

(i) **SUPPLY.**—The term “supply” means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury—

(I) the carry-over of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the quota is established;

(II) production of the current crop; and

(III) imports to the latest date available during the marketing year.

(ii) **DEMAND.**—The term “demand” means—

(I) the average seasonally adjusted annual rate of domestic mill consumption during the most recent three months for which data are available; and

(II) the larger of—

(aa) average exports of upland cotton during the preceding six marketing years; or

(bb) cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the quota is established.

(iii) **LIMITED GLOBAL IMPORT QUOTA.**—The term “limited global import quota” means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

(E) **QUOTA ENTRY PERIOD.**—When a quota is established under this subsection, cotton may be entered under the quota during the 90-day period beginning on the date the quota is established by the Secretary.



(2) NO OVERLAP.—Notwithstanding paragraph (1), a quota period may not be established that overlaps an existing quota period or a special quota period established under subsection (b).

**SEC. 128. SPECIAL COMPETITIVE PROVISIONS FOR EXTRA LONG STAPLE COTTON.**

(a) COMPETITIVENESS PROGRAM.—Notwithstanding any other provision of law, during the period beginning on the date of the enactment of this Act and ending on July 31, 2012, the Secretary shall carry out a program to maintain and expand the domestic use of extra long staple cotton produced in the United States, to increase exports of extra long staple cotton produced in the United States, and to ensure that extra long staple cotton produced in the United States remains competitive in world markets.

(b) PAYMENTS UNDER PROGRAM; TRIGGER.—Under the program, the Secretary shall make payments available under this section whenever—

(1) for a consecutive four-week period, the world market price for the lowest priced competing growth of extra long staple cotton (adjusted to United States quality and location and for other factors affecting the competitiveness of such cotton), as determined by the Secretary, is below the prevailing United States price for a competing growth of extra long staple cotton; and

(2) the lowest priced competing growth of extra long staple cotton (adjusted to United States quality and location and for other factors affecting the competitiveness of such cotton), as determined by the Secretary, is less than 134 percent of the loan rate for extra long staple cotton.

(c) ELIGIBLE RECIPIENTS.—The Secretary shall make payments available under this section to domestic users of extra long staple cotton produced in the United States and exporters of extra long staple cotton produced in the United States who enter into an agreement with the Commodity Credit Corporation to participate in the program under this section.

(d) PAYMENT AMOUNT.—Payments under this section shall be based on the amount of the difference in the prices referred to in subsection (b)(1) during the fourth week of the consecutive four-week period multiplied by the amount of documented purchases by domestic users and sales for export by exporters made in the week following such a consecutive four-week period.

(e) FORM OF PAYMENT.—Payments under this section shall be made through the issuance of cash or marketing certificates, at the option of eligible recipients of the payments.

**SEC. 129. AVAILABILITY OF RECOURSE LOANS FOR HIGH MOISTURE FEED GRAINS AND SEED COTTON AND OTHER FIBERS.**

(a) HIGH MOISTURE FEED GRAINS.—

(1) RECOURSE LOANS AVAILABLE.—For each of the 2002 through 2011 crops of corn and grain sorghum, the Secretary shall make available recourse loans, as determined by the Secretary, to producers on a farm who—

(A) normally harvest all or a portion of their crop of corn or grain sorghum in a high moisture state;

(B) present—

(i) certified scale tickets from an inspected, certified commercial scale, including a licensed warehouse, feedlot, feed mill, distillery, or other similar entity approved by the Secretary, pursuant to regulations issued by the Secretary; or

(ii) field or other physical measurements of the standing or stored crop in regions of the United States, as determined by the Secretary, that do not have certified commercial scales from which certified scale tickets may be obtained within reasonable proximity of harvest operation;

(C) certify that they were the owners of the feed grain at the time of delivery to, and that the quantity to be placed under loan under this subsection was in fact harvested on the farm and delivered to, a feedlot, feed mill, or commercial or on-farm high-moisture storage facility, or to a facility maintained by the users of corn and grain sorghum in a high moisture state; and

(D) comply with deadlines established by the Secretary for harvesting the corn or grain sorghum and submit applications for loans under this subsection within deadlines established by the Secretary.

(2) ELIGIBILITY OF ACQUIRED FEED GRAINS.—A loan under this subsection shall be made on a quantity of corn or grain sorghum of the same crop acquired by the producer equivalent to a quantity determined by multiplying—

(A) the acreage of the corn or grain sorghum in a high moisture state harvested on the producer's farm; by

(B) the lower of the farm program payment yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which the corn or grain sorghum was obtained.

(3) HIGH MOISTURE STATE DEFINED.—In this subsection, the term “high moisture state” means corn or grain sorghum having a moisture content in excess of Commodity Credit Corporation standards for marketing assistance loans made by the Secretary under section 121.

(b) RECOURSE LOANS AVAILABLE FOR SEED COTTON.—For each of the 2002 through 2011 crops of upland cotton and extra long staple cotton, the Secretary shall make available recourse seed cotton loans, as determined by the Secretary, on any production.

(c) REPAYMENT RATES.—Repayment of a recourse loan made under this section shall be at the loan rate established for the commodity by the Secretary, plus interest (as determined by the Secretary).

(d) TERMINATION OF SUPERSEDED LOAN AUTHORITY.—Notwithstanding section 137 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7237), recourse loans shall not be made for the 2002 crop of corn, grain sorghum, and seed cotton under such section.

**SEC. 130. AVAILABILITY OF NONRECOURSE MARKETING ASSISTANCE LOANS FOR WOOL AND MOHAIR.**

(a) NONRECOURSE LOANS AVAILABLE.—During the 2002 through 2011 marketing years for wool and mohair, the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for wool and mohair produced on the farm during that marketing year.

(b) LOAN RATE.—The loan rate for a loan under subsection (a) shall be not more than—

- (1) \$1.00 per pound for graded wool;
- (2) \$0.40 per pound for nongraded wool; and
- (3) \$4.20 per pound for mohair.

(c) TERM OF LOAN.—A loan under subsection (a) shall have a term of one year beginning on the first day of the first month after the month in which the loan is made.

(d) REPAYMENT RATES.—The Secretary shall permit a producer to repay a marketing assistance loan under subsection (a) for wool or mohair at a rate that is the lesser of—

- (1) the loan rate established for the commodity under subsection (b), plus interest (as determined by the Secretary); or
- (2) a rate that the Secretary determines will—
  - (A) minimize potential loan forfeitures;
  - (B) minimize the accumulation of stocks of the commodity by the Federal Government;
  - (C) minimize the cost incurred by the Federal Government in storing the commodity; and
  - (D) allow the commodity produced in the United States to be marketed freely and competitively, both domestically and internationally.

(e) LOAN DEFICIENCY PAYMENTS.—

(1) AVAILABILITY.—The Secretary may make loan deficiency payments available to producers that, although eligible to obtain a marketing assistance loan under this section, agree to forgo obtaining the loan in return for payments under this section.

(2) COMPUTATION.—A loan deficiency payment under this subsection shall be computed by multiplying—

- (A) the loan payment rate in effect under paragraph (3) for the commodity; by
- (B) the quantity of the commodity produced by the eligible producers, excluding any quantity for which the producers obtain a loan under this subsection.

(3) LOAN PAYMENT RATE.—For purposes of this subsection, the loan payment rate for wool or mohair shall be the amount by which—

- (A) the loan rate in effect for the commodity under subsection (b); exceeds
- (B) the rate at which a loan for the commodity may be repaid under subsection (d).

(4) TIME FOR PAYMENT.—The Secretary shall make a payment under this subsection to a producer with respect to a quantity of a wool or mohair as of the earlier of the following:

- (A) The date on which the producer marketed or otherwise lost beneficial interest in the wool or mohair, as determined by the Secretary.
- (B) The date the producer requests the payment.

(f) **LIMITATIONS.**—The marketing assistance loan gains and loan deficiency payments that a person may receive for wool and mohair under this section shall be subject to a separate payment limitation, but in the same dollar amount, as the payment limitation that applies to marketing assistance loans and loan deficiency payments received by producers of other agricultural commodities in the same marketing year.

**SEC. 131. AVAILABILITY OF NONRECOURSE MARKETING ASSISTANCE LOANS FOR HONEY.**

(a) **NONRECOURSE LOANS AVAILABLE.**—During the 2002 through 2011 crop years for honey, the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for honey produced on the farm during that crop year.

(b) **LOAN RATE.**—The loan rate for a marketing assistance loan for honey under subsection (a) shall be equal to \$0.60 cents per pound.

(c) **TERM OF LOAN.**—A marketing assistance loan under subsection (a) shall have a term of one year beginning on the first day of the first month after the month in which the loan is made.

(d) **REPAYMENT RATES.**—The Secretary shall permit a producer to repay a marketing assistance loan for honey under subsection (a) at a rate that is the lesser of—

- (1) the loan rate for honey, plus interest (as determined by the Secretary); or
- (2) the prevailing domestic market price for honey, as determined by the Secretary.

(e) **LOAN DEFICIENCY PAYMENTS.**—

(1) **AVAILABILITY.**—The Secretary may make loan deficiency payments available to any producer of honey that, although eligible to obtain a marketing assistance loan under subsection (a), agrees to forgo obtaining the loan in return for a payment under this subsection.

(2) **COMPUTATION.**—A loan deficiency payment under this subsection shall be determined by multiplying—

- (A) the loan payment rate determined under paragraph (3); by
- (B) the quantity of honey that the producer is eligible to place under loan, but for which the producer forgoes obtaining the loan in return for a payment under this subsection.

(3) **LOAN PAYMENT RATE.**—For the purposes of this subsection, the loan payment rate shall be the amount by which—

- (A) the loan rate established under subsection (b); exceeds
- (B) the rate at which a loan may be repaid under subsection (d).

(4) **TIME FOR PAYMENT.**—The Secretary shall make a payment under this subsection to a producer with respect to a quantity of a honey as of the earlier of the following:

- (A) The date on which the producer marketed or otherwise lost beneficial interest in the honey, as determined by the Secretary.
- (B) The date the producer requests the payment.

(f) **LIMITATIONS.**—The marketing assistance loan gains and loan deficiency payments that a person may receive for a crop of honey under this section shall be subject to a separate payment limitation, but in the same dollar amount, as the payment limitation that applies to marketing assistance loans and loan deficiency payments received by producers of other agricultural commodities in the same crop year.

(g) **PREVENTION OF FORFEITURES.**—The Secretary shall carry out this section in such a manner as to minimize forfeitures of honey marketing assistance loans.

## Subtitle C—Other Commodities

### CHAPTER 1—DAIRY

**SEC. 141. MILK PRICE SUPPORT PROGRAM.**

(a) **SUPPORT ACTIVITIES.**—During the period beginning on January 1, 2002, and ending on December 31, 2011, the Secretary of Agriculture shall support the price of milk produced in the 48 contiguous States through the purchase of cheese, butter, and nonfat dry milk produced from the milk.

(b) **RATE.**—During the period specified in subsection (a), the price of milk shall be supported at a rate equal to \$9.90 per hundredweight for milk containing 3.67 percent butterfat.

(c) **PURCHASE PRICES.**—The support purchase prices under this section for each of the products of milk (butter, cheese, and nonfat dry milk) announced by the Secretary shall be the same for all of that product sold by persons offering to sell the product to the Secretary. The purchase prices shall be sufficient to enable plants

of average efficiency to pay producers, on average, a price that is not less than the rate of price support for milk in effect under subsection (b).

(d) **SPECIAL RULE FOR BUTTER AND NONFAT DRY MILK PURCHASE PRICES.**—

(1) **ALLOCATION OF PURCHASE PRICES.**—The Secretary may allocate the rate of price support between the purchase prices for nonfat dry milk and butter in a manner that will result in the lowest level of expenditures by the Commodity Credit Corporation or achieve such other objectives as the Secretary considers appropriate. Not later than 10 days after making or changing an allocation, the Secretary shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of the allocation. Section 553 of title 5, United States Code, shall not apply with respect to the implementation of this section.

(2) **TIMING OF PURCHASE PRICE ADJUSTMENTS.**—The Secretary may make any such adjustments in the purchase prices for nonfat dry milk and butter the Secretary considers to be necessary not more than twice in each calendar year.

(e) **COMMODITY CREDIT CORPORATION.**—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

**SEC. 142. REPEAL OF RECOURSE LOAN PROGRAM FOR PROCESSORS.**

Section 142 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7252) is repealed.

**SEC. 143. DAIRY EXPORT INCENTIVE PROGRAM.**

Section 153(a) of the Food Security Act of 1985 (15 U.S.C. 713a–14(a)) is amended by striking “2002” and inserting “2011”.

**SEC. 144. FLUID MILK PROMOTION.**

(a) **DEFINITION OF FLUID MILK PRODUCT.**—Section 1999C of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6402) is amended by striking paragraph (3) and inserting the following new paragraph:

“(3) **FLUID MILK PRODUCT.**—The term ‘fluid milk product’ has the meaning given such term—

“(A) in section 1000.15 of title 7, Code of Federal Regulations, subject to such amendments as may be made from time to time; or

“(B) in any successor regulation providing a definition of such term that is promulgated pursuant to the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.”.

(b) **DEFINITION OF FLUID MILK PROCESSOR.**—Section 1999C(4) of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6402(4)) is amended by striking “500,000” and inserting “3,000,000”.

(c) **ELIMINATION OF ORDER TERMINATION DATE.**—Section 1999O of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6414) is amended—

(1) by striking subsection (a); and

(2) by redesignating subsections (b) and (c) as subsections (a) and (b), respectively.

**SEC. 145. DAIRY PRODUCT MANDATORY REPORTING.**

Section 273(b)(1)(B) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1637b(b)(1)(B)) is amended—

(1) by inserting “and substantially identical products designated by the Secretary” after “dairy products” the first place it appears; and

(2) by inserting “and such substantially identical products” after “dairy products” the second place it appears.

**SEC. 146. FUNDING OF DAIRY PROMOTION AND RESEARCH PROGRAM.**

(a) **DEFINITIONS.**—Section 111 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4502) is amended—

(1) in subsection (k), by striking “and” at the end;

(2) in subsection (l), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

“(m) the term ‘imported dairy product’ means any dairy product that is imported into the United States, including dairy products imported into the United States in the form of—

“(1) milk, cream, and fresh and dried dairy products;

“(2) butter and butterfat mixtures;

“(3) cheese; and

“(4) casein and mixtures;

“(n) the term ‘importer’ means a person that imports an imported dairy product into the United States; and

“(o) the term ‘Customs’ means the United States Customs Service.”.

(b) REPRESENTATION OF IMPORTERS ON BOARD.—Section 113(b) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(b)) is amended—

(1) by inserting “NATIONAL DAIRY PROMOTION AND RESEARCH BOARD.—” after “(b)”;

(2) by designating the first through ninth sentences as paragraphs (1) through (5) and paragraphs (7) through (10), respectively, and indenting the paragraphs appropriately;

(3) in paragraph (2) (as so designated), by striking “Members” and inserting “Except as provided in paragraph (6), the members”; and

(4) by inserting after paragraph (5) (as so designated) the following:

“(6) IMPORTERS.—

“(A) REPRESENTATION.—The Secretary shall appoint not more than 2 members who represent importers of dairy products and are subject to assessments under the order, to reflect the proportion of domestic production and imports supplying the United States market, which shall be based on the Secretary’s determination of the average volume of domestic production of dairy products proportionate to the average volume of imports of dairy products in the United States over the previous three years.

“(B) ADDITIONAL MEMBERS; NOMINATIONS.—The members appointed under this paragraph—

“(i) shall be in addition to the total number of members appointed under paragraph (2); and

“(ii) shall be appointed from nominations submitted by importers under such procedures as the Secretary determines to be appropriate.”.

(c) IMPORTER ASSESSMENT.—Section 113(g) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(g)) is amended—

(1) by inserting “ASSESSMENTS.—” after “(g)”;

(2) by designating the first through fifth sentences as paragraphs (1) through (5), respectively, and indenting appropriately; and

(3) by adding at the end the following:

“(6) IMPORTERS.—

“(A) IN GENERAL.—The order shall provide that each importer of imported dairy products shall pay an assessment to the Board in the manner prescribed by the order.

“(B) TIME FOR PAYMENT.—The assessment on imported dairy products shall be paid by the importer to Customs at the time of the entry of the products into the United States and shall be remitted by Customs to the Board. For purposes of this subparagraph, entry of the products into the United States shall be deemed to have occurred when the products are released from custody of Customs and introduced into the stream of commerce within the United States. Importers include persons who hold title to foreign-produced dairy products immediately upon release by Customs, as well as persons who act on behalf of others, as agents, brokers, or consignees, to secure the release of dairy products from Customs and the introduction of the released dairy products into the stream of commerce.

“(C) RATE.—The rate of assessment on imported dairy products shall be determined in the same manner as the rate of assessment per hundred-weight or the equivalent of milk.

“(D) VALUE OF PRODUCTS.—For the purpose of determining the assessment on imported dairy products under subparagraph (C), the value to be placed on imported dairy products shall be established by the Secretary in a fair and equitable manner.

“(E) USE OF ASSESSMENTS ON IMPORTED DAIRY.—Assessments collected on imported dairy products shall not be used for foreign market promotion.”.

(d) RECORDS.—Section 113(k) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(k)) is amended in the first sentence by striking “person receiving” and inserting “importer of imported dairy products, each person receiving”.

(e) IMPORTER ELIGIBILITY TO VOTE IN REFERENDUM.—Section 116(b) of the Dairy Promotion Stabilization Act of 1983 (7 U.S.C. 4507(b)) is amended—

(1) in the first sentence—

(A) by inserting after “of producers” the following: “and importers”; and

(B) by inserting after “the producers” the following: “and importers”; and

(2) in the second sentence, by inserting after “commercial use” the following: “and importers voting in the referendum (who have been engaged in the importation of dairy products during the same representative period, as determined by the Secretary).”.

(f) CONFORMING AMENDMENTS TO REFLECT ADDITION OF IMPORTERS.—Section 110(b) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4501(b)) is amended—

(1) in the first sentence—

(A) by inserting after “commercial use” the following: “and on imported dairy products”; and

(B) by striking “products produced in the United States.” and inserting “products.”; and

(2) in the second sentence, by inserting after “produce milk” the following: “or the right of any person to import dairy products”.

## CHAPTER 2—SUGAR

### SEC. 151. SUGAR PROGRAM.

(a) CONTINUATION OF PROGRAM.—Subsection (i) of section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7251) is amended—

(1) by striking “(other than subsection (f))”; and

(2) by striking “2002 crops” and inserting “2011 crops”.

(b) TERMINATION OF MARKETING ASSESSMENT.—Effective as of October 1, 2001, subsection (f) of such section is repealed.

(c) LOAN RATE ADJUSTMENTS.—Subsection (c) of such section is amended—

(1) by striking “REDUCTION IN LOAN RATES” and inserting “LOAN RATE ADJUSTMENTS”; and

(2) in paragraph (1)—

(A) by striking “REDUCTION REQUIRED” and inserting “POSSIBLE REDUCTION”; and

(B) by striking “shall” and inserting “may”.

(d) NOTIFICATION.—Subsection (e) of such section is amended by adding at the end the following new paragraph:

“(3) PREVENTION OF ONEROUS NOTIFICATION REQUIREMENTS.—The Secretary may not impose or enforce any prenotification or similar administrative requirement that has the effect of preventing a processor from choosing to forfeit the loan collateral upon the maturity of the loan.”.

(e) IN PROCESS SUGAR.—Such section is further amended by inserting after subsection (e) the following new subsection (f):

“(f) LOANS FOR IN-PROCESS SUGAR.—

“(1) AVAILABILITY; RATE.—The Secretary shall make nonrecourse loans available to processors of domestically grown sugarcane and sugar beets for in-process sugars and syrups derived from such crops. The loan rate shall be equal to 80 percent of the loan rate applicable to raw cane sugar or refined beet sugar, depending on the source material for the in-process sugars and syrups.

“(2) FURTHER PROCESSING UPON FORFEITURE.—As a condition on the forfeiture of in-process sugars and syrups serving as collateral for a loan under paragraph (1), the processor shall, within such reasonable time period as the Secretary may prescribe and at no cost to the Commodity Credit Corporation, convert the in-process sugars and syrups into raw cane sugar or refined beet sugar of acceptable grade and quality for sugars eligible for loans under subsection (a) or (b). Once the in-process sugars and syrups are fully processed into raw cane sugar or refined beet sugar, the processor shall transfer the sugar to the Corporation, which shall make a payment to the processor in an amount equal to the difference between the loan rate for raw cane sugar or refined beet sugar, whichever applies, and the loan rate the processor received under paragraph (1).

“(3) LOAN CONVERSION.—If the processor does not forfeit the collateral as described in paragraph (2), but instead further processes the in-process sugars and syrups into raw cane sugar or refined beet sugar and repays the loan on the in-process sugars and syrups, the processor may then obtain a loan under subsection (a) or (b) on the raw cane sugar or refined beet sugar, as appropriate.

“(4) DEFINITION.—In this subsection the term ‘in-process sugars and syrups’ does not include raw sugar, liquid sugar, invert sugar, invert syrup, or other finished products that are otherwise eligible for loans under subsection (a) or (b).”.

(f) ADMINISTRATION OF PROGRAM.—Such section is further amended by adding at the end the following new subsection:

“(j) AVOIDING FORFEITURES; CORPORATION INVENTORY DISPOSITION.—

“(1) NO COST.—To the maximum extent practicable, the Secretary shall operate the sugar program established under this section at no cost to the Federal Government by avoiding the forfeiture of sugar to the Commodity Credit Corporation.

“(2) INVENTORY DISPOSITION.—In support of the objective specified in paragraph (1), the Commodity Credit Corporation may accept bids for commodities in the inventory of the Corporation from (or otherwise make available such commodities, on appropriate terms and conditions, to) processors of sugarcane and processors of sugar beets (when the processors are acting in conjunction with the producers of the sugarcane or sugar beets processed by such processors) in return for the reduction of production of raw cane sugar or refined beet sugar, as appropriate. The authority provided under this paragraph is in addition to any authority of the Corporation under any other law.”.

(g) INFORMATION REPORTING.—Subsection (h) of such section is amended—

(1) by redesignating paragraphs (2) and (3) as paragraphs (4) and (5), respectively;

(2) by inserting after paragraph (1) the following new paragraphs:

“(2) DUTY OF PRODUCERS TO REPORT.—

“(A) PROPORTIONATE SHARE STATES.—The Secretary shall require a producer of sugarcane located in a State (other than Puerto Rico) in which there are in excess of 250 sugarcane producers to report, in the manner prescribed by the Secretary, the producer’s sugarcane yields and acres planted to sugarcane.

“(B) OTHER STATES.—The Secretary may require producers of sugarcane or sugar beets not covered by paragraph (1) to report, in the manner prescribed by the Secretary, each producer’s sugarcane or sugar beet yields and acres planted to sugarcane or sugar beets, respectively.

“(3) DUTY OF IMPORTERS TO REPORT.—The Secretary shall require an importer of sugars, syrups or molasses to be used for human consumption or to be used for the extraction of sugar for human consumption, except such sugars, syrups, or molasses that are within the quantities of tariff-rate quotas that are at the lower rate of duties, to report, in the manner prescribed by the Secretary, the quantities of such products imported and the sugar content or equivalent of such products.”; and

(3) in paragraph (5), as so redesignated, by striking “paragraph (1)” and inserting “this subsection”.

(h) INTEREST RATE.—Section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283) is amended by adding at the end the following new sentence: “For purposes of this section, raw cane sugar, refined beet sugar, and in process sugar eligible for a loan under section 156 shall not be considered an agricultural commodity.”.

**SEC. 152. REAUTHORIZE PROVISIONS OF AGRICULTURAL ADJUSTMENT ACT OF 1938 REGARDING SUGAR.**

(a) INFORMATION REPORTING.—Section 359a of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359aa) is repealed.

(b) ESTIMATES.—Section 359b of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359bb) is amended:

(1) in the section heading—

(A) by inserting “**FLEXIBLE**” before “**MARKETING**”; and

(B) by striking “**AND CRYSTALLINE FRUCTOSE**”;

(2) in subsection (a)—

(A) in paragraph (1)—

(i) by striking “Before” and inserting “Not later than August 1 before”;

(ii) by striking “1992 through 1998” and inserting “2002 through 2011”;

(iii) in subparagraph (A), by striking “(other than sugar” and all that follows through “stocks”;

(iv) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (E), respectively;

(v) by inserting after subparagraph (A) the following:

“(B) the quantity of sugar that would provide for reasonable carryover stocks”;

(vi) in subparagraph (C), as so redesignated—

(I) by striking “or” through “beets”; and

(II) by striking the “and” following the semicolon;

(vii) by inserting after subparagraph (C), as so redesignated, the following:

“(D) the quantity of sugar that will be available from the domestic processing of sugarcane and sugar beets; and”;

(viii) in subparagraph (E), as so redesignated—

(I) by striking “quantity of sugar” and inserting “quantity of sugars, syrups, and molasses”;

- (II) by inserting “human” after “imported for”;
- (III) by inserting after “consumption” the following: “or to be used for the extraction of sugar for human consumption”;
- (IV) by striking “year” and inserting “year, whether such articles are under a tariff-rate quota or are in excess or outside of a tariff rate quota”; and
- (V) by striking “in (other than sugar” and all that follows through “carry-in stocks”;
- (B) by redesignating paragraph (2) as paragraph (3);
- (C) by inserting after paragraph (1) the following new paragraph:
 

“(2) EXCLUSION.—The estimates in this section shall not include sugar imported for the production of polyhydric alcohol or to be refined and re-exported in refined form or in sugar containing products.”;
- (D) in paragraph (3), as so redesignated—
  - (i) by striking “QUARTERLY REESTIMATES” and inserting “REESTIMATES”; and
  - (ii) by inserting “as necessary, but” after “a fiscal year”;
- (3) in subsection (b)—
  - (A) by striking paragraph (1) and inserting the following new paragraph:
 

“(1) IN GENERAL.—By the beginning of each fiscal year, the Secretary shall establish for that fiscal year appropriate allotments under section 359c for the marketing by processors of sugar processed from sugar beets and from domestically-produced sugarcane at a level that the Secretary estimates will result in no forfeitures of sugar to the Commodity Credit Corporation under the loan program for sugar.”; and
  - (B) in paragraph (2), by striking “or crystalline fructose”;
- (4) by striking subsection (c);
- (5) by redesignating subsection (d) as subsection (c); and
- (6) in subsection (c), as so redesignated—
  - (A) by striking paragraph (2);
  - (B) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively; and
  - (C) in paragraph (2), as so redesignated—
    - (i) by striking “or manufacturer” through “(2)”;
    - (ii) by striking “or crystalline fructose”.
- (c) ESTABLISHMENT.—Section 359c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359cc) is amended—
  - (1) in the section heading by inserting “**FLEXIBLE**” after “**OF**”;
  - (2) in subsection (a), by inserting “flexible” after “establish”;
  - (3) in subsection (b)—
    - (A) in paragraph (1)(A), by striking “1,250,000” and inserting “1,532,000”;
    - and
    - (B) in paragraph (2), by striking “to the maximum extent practicable”;
  - (4) by striking subsection (c) and inserting the following new subsection:
 

“(c) MARKETING ALLOTMENT FOR SUGAR DERIVED FROM SUGAR BEETS AND MARKETING ALLOTMENT FOR SUGAR DERIVED FROM SUGARCANE.—The overall allotment quantity for the fiscal year shall be allotted among—

    - “(1) sugar derived from sugarbeets by establishing a marketing allotment for a fiscal year at a quantity equal to the product of multiplying the overall allotment quantity for the fiscal year by the percentage of 54.35; and
    - “(2) sugar derived from sugarcane by establishing a marketing allotment for a fiscal year at a quantity equal to the product of multiplying the overall allotment quantity for the fiscal year by the percentage of 45.65.”;
  - (5) by amending subsection (d) to read as follows:
 

“(d) FILLING CANE SUGAR AND BEET SUGAR ALLOTMENTS.—Each marketing allotment for cane sugar established under this section may only be filled with sugar processed from domestically grown sugarcane, and each marketing allotment for beet sugar established under this section may only be filled with sugar domestically processed from sugar beets.”;
  - (6) by striking subsection (e);
  - (7) by redesignating subsection (f) as subsection (e);
  - (8) in subsection (e), as so redesignated—
    - (A) by inserting “(1) IN GENERAL.—” before “The allotment for sugar” and indenting such paragraph appropriately;
    - (B) in such paragraph (1)—
      - (i) by striking “the 5” and inserting “the”;
      - (ii) by inserting after “sugarcane is produced,” the following: “after a hearing, if requested by the affected sugar cane processors and growers, and on such notice as the Secretary by regulation may prescribe,”;



- (iii) by striking “on the basis of past marketings” and all that follows through “allotments”, and inserting “as provided in this subsection and section 359(d)(a)(2)(A)(iv)”; and
- (C) by inserting after paragraph (1) the following new paragraphs:
  - “(2) OFFSHORE ALLOTMENT.—
    - “(A) COLLECTIVELY.—Prior to the allotment of sugar derived from sugarcane to any other State, 325,000 short tons, raw value shall be allotted to the offshore States.
    - “(B) INDIVIDUALLY.—The collective offshore State allotment provided for under subparagraph (A) shall be further allotted among the offshore States in which sugarcane is produced, after a hearing if requested by the affected sugar cane processors and growers, and on such notice as the Secretary by regulation may prescribe, in a fair and equitable manner on the basis of—
      - “(i) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from the 1996 through 2000 crops;
      - “(ii) the ability of processors to market the sugar covered under the allotments for the crop year; and
      - “(iii) past processings of sugar from sugarcane based on the 3 year average of the crop years 1998 through 2000.
  - “(3) MAINLAND ALLOTMENT.—The allotment for sugar derived from sugarcane, less the amount provided for under paragraph (2), shall be allotted among the mainland States in the United States in which sugarcane is produced, after a hearing if requested by the affected sugar cane processors and growers, and on such notice as the Secretary by regulation may prescribe, in a fair and equitable manner on the basis of—
    - “(A) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from the 1996 through 2000 crops;
    - “(B) the ability of processors to market the sugar covered under the allotments for the crop year; and
    - “(C) past processings of sugar from sugarcane, based on the 3 crop years with the greatest processings (in the mainland States collectively) during the 1991 through 2000 crop years.”;
- (9) by inserting after subsection (e), as so redesignated, the following new subsection (f):
  - “(f) FILLING CANE SUGAR ALLOTMENTS.—Except as otherwise provided in section 359e, a State cane sugar allotment established under subsection (e) for a fiscal year may be filled only with sugar processed from sugarcane grown in the State covered by the allotment.”;
- (10) in subsection (g)—
  - (A) in paragraph (1), by striking “359b(a)(2)—” through the end of subparagraph (C) and inserting “359b(a)(3), adjust upward or downward marketing allotments in a fair and equitable manner”;
  - (B) in paragraph (2) by striking “359f(b)” and inserting “359f(c)”; and
  - (C) in paragraph (3)—
    - (i) by striking “REDUCTIONS” and inserting “CARRY-OVER OF REDUCTIONS”;
    - (ii) by inserting after “this subsection, if” the following: “at the time of the reduction”;
    - (iii) by striking “price support” and inserting “nonrecourse”;
    - (iv) by striking “206” through “the allotment” and inserting “156 of the Agricultural Market Transition Act (7 U.S.C. 7272)”; and
    - (v) by striking “, if any,”; and
- (11) by amending subsection (h) to read as follows:
  - “(h) SUSPENSION OF ALLOTMENTS.—Whenever the Secretary estimates, or reestimates, under section 359b(a), or has reason to believe that imports of sugars, syrups or molasses for human consumption or to be used for the extraction of sugar for human consumption, whether under a tariff-rate quota or in excess or outside of a tariff-rate quota, will exceed 1.532 million short tons, raw value equivalent, and that such imports would lead to a reduction of the overall allotment quantity, the Secretary shall suspend the marketing allotments until such time as such imports have been restricted, eliminated, or otherwise reduced to or below the level of 1.532 million tons.”.
- (d) ALLOCATION.—Section 359d of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359dd) is amended—
  - (1) in subsection (a)(2)(A)—
    - (A) by inserting “(i) IN GENERAL.—” before “The Secretary shall” and indenting such clause appropriately;
    - (B) in clause (i), as so designated—

- (i) by striking “interested parties” and inserting “the affected sugar cane processors and growers”;
  - (ii) by striking “by taking” through “allotment allocated.” and inserting “with this subparagraph.”; and
  - (iii) by inserting at the end the following new sentence: “Each such allocation shall be subject to adjustment under section 359c(g).”;
- (C) by inserting after clause (i) the following new clause:
  - “(ii) MULTIPLE PROCESSOR STATES.—Except as provided in clause (iii), the Secretary shall allocate the allotment for cane sugar among multiple cane sugar processors in a single State based upon—
    - “(I) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from among the 1996 through 2000 crops;
    - “(II) the ability of processors to market sugar covered by that portion of the allotment allocated for the crop year;
    - “(III) past processings of sugar from sugarcane, based on the average of the 3 highest years from among crop years 1996 through 2000; and
    - “(IV) however, only with respect to allotments under subclauses (I), (II), and (III) attributable to the former operations of the Talisman processing facility, shall be allocated among processors in the State coincident with the provisions of the agreements of March 25 and March 26, 1999, between the affected processors and the Department of the Interior.
  - “(iii) PROPORTIONATE SHARE STATES.—In the case of States subject to section 359f(c), the Secretary shall allocate the allotment for cane sugar among multiple cane sugar processors in a single state based upon—
    - “(I) past marketings of sugar, based on the average of the two highest years of production of raw cane sugar from among the 1997 through 2001 crop years;
    - “(II) the ability of processors to market sugar covered by that portion of the allotments allocated for the crop year; and
    - “(III) past processings of sugar from sugarcane, based on the average of the two highest crop years from the five crop years 1997 through 2001.
  - “(iv) NEW ENTRANTS.—Notwithstanding clauses (ii) and (iii), the Secretary, on application of any processor that begins processing sugarcane on or after the date of enactment of this clause, and after a hearing if requested by the affected sugarcane processors and growers, and on such notice as the Secretary by regulation may prescribe, may provide such processor with an allocation which provides a fair, efficient and equitable distribution of the allocations from the allotment for the State in which the processor is located and, in the case of proportionate share States, shall establish proportionate shares in an amount sufficient to produce the sugarcane required to satisfy such allocations. However, the allotment for a new processor under this clause shall not exceed 50,000 short tons, raw value.
  - “(v) TRANSFER OF OWNERSHIP.—Except as otherwise provided in section 359f(c)(8), in the event that a sugarcane processor is sold or otherwise transferred to another owner, or closed as part of an affiliated corporate group processing consolidation, the Secretary shall transfer the allotment allocation for the processor to the purchaser, new owner, or successor in interest, as applicable, of the processor.”; and
- (2) in subsection (a)(2)(B)—
  - (A) by striking “interested parties” and inserting “the affected sugar beet processors and growers”; and
  - (B) by striking “processing capacity” through “allotment allocated” and inserting the following: “the marketings of sugar processed from sugar beets of any or all of the 1996 through 2000 crops, and such other factors as the Secretary may deem appropriate after consultation with the affected sugar beet processors and growers. However, in the case of any processor which has started processing sugar beets after January 1, 1996, the Secretary shall provide such processor with an allocation which provides a fair, efficient and equitable distribution of the allocations.”.
- (e) REASSIGNMENT.—Section 359e(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359ee(b)) is amended—
  - (1) in paragraph (1)—
    - (A) in subparagraph (B) by striking the “and” after the semicolon;
    - (B) by redesignating subparagraph (C) as subparagraph (D);

(C) by inserting after subparagraph (B) the following new subparagraph:  
 “(C) if after the reassignments, the deficit cannot be completely eliminated, the Secretary shall reassign the estimated quantity of the deficit to the sale of any inventories of sugar held by the Commodity Credit Corporation; and”; and

(D) in subparagraph (D), as so redesignated, by inserting “and sales” after “reassignments”; and

(2) in paragraph (2)—

(A) in subparagraph (A) by striking the “and” after the semicolon;

(B) in subparagraph (B), by striking “reassign the remainder to imports.” and inserting “use the estimated quantity of the deficit for the sale of any inventories of sugar held by the Commodity Credit Corporation; and”; and

(C) by inserting after subparagraph (B) the following new subparagraph:

“(C) if after such reassignments and sales, the deficit cannot be completely eliminated, the Secretary shall reassign the remainder to imports.”.

(f) PRODUCER PROVISIONS.—Section 359f of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359ff) is amended—

(1) in subsection (a)—

(A) by striking “processor’s allocation” in the second sentence and inserting “allocation to the processor”; and

(B) by inserting after “request of either party” the following: “, and such arbitration should be completed within 45 days, but not more than 60 days, of the request”;

(2) by redesignating subsection (b) as subsection (c);

(3) by inserting after subsection (a) the following new subsection:

“(b) SUGAR BEET PROCESSING FACILITY CLOSURES.— In the event that a sugar beet processing facility is closed and the sugar beet growers who previously delivered beets to such facility desire to deliver their beets to another processing company:

“(1) Such growers may petition the Secretary to modify existing allocations to accommodate such a transition; and

“(2) The Secretary may increase the allocation to the processing company to which the growers desire to deliver their sugar beets, and which the processing company agrees to accept, not to exceed its processing capacity, to accommodate the change in deliveries.

“(3) Such increased allocation shall be deducted from the allocation to the company that owned the processing facility that has been closed and the remaining allocation will be unaffected.

“(4) The Secretary’s determination on the issues raised by the petition shall be made within 60 days of the filing of the petition.”;

(4) in subsection (c), as so redesignated—

(A) in paragraph (3)(A), by striking “the preceding five years” and inserting “the two highest years from among the years 1999, 2000, and 2001”;

(B) in paragraph (4)(A), by striking “each” through “in effect” and inserting “the two highest of the three (3) crop years 1999, 2000, and 2001”; and

(C) by inserting after paragraph (7) the following new paragraph:

“(8) PROCESSING FACILITY CLOSURES.—In the event that a sugarcane processing facility subject to this subsection is closed and the sugarcane growers who previously delivered sugarcane to such facility desire to deliver their sugarcane to another processing company—

“(A) such growers may petition the Secretary to modify existing allocations to accommodate such a transition;

“(B) the Secretary may increase the allocation to the processing company to which the growers desire to deliver the sugarcane, and which the processing company agrees to accept, not to exceed its processing capacity, to accommodate the change in deliveries;

“(C) such increased allocation shall be deducted from the allocation to the company that owned the processing facility that has been closed and the remaining allocation will be unaffected; and

“(D) the Secretary’s determination on the issues raised by the petition shall be made within 60 days of the filing of the petition.”.

(g) CONFORMING AMENDMENTS.—(1) The heading of part VII of subtitle B of Title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 359aa et seq.) is amended to read as follows:

## **“PART VII—FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR”.**

(2) Section 359g of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359gg) is amended—

(A) by striking “359f” each place it appears and inserting “359f(c);

(B) in subsection (b), by striking “3 consecutive” and inserting “5 consecutive”; and

(C) in subsection (c), by inserting “or adjusted” after “share established”.

(3) Section 359j(c) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359jj) is amended—

(A) by amending the subsection heading to read as follows: “DEFINITIONS.—”;

(B) by striking “Notwithstanding” and inserting the following:

“(1) UNITED STATES AND STATE.—Notwithstanding”; and

(C) by inserting after such paragraph (1) the following new paragraph:

“(2) OFFSHORE STATES.—For purposes of this part, the term ‘offshore States’ means the sugarcane producing States located outside of the continental United States.”.

(h) LIFTING OF SUSPENSION.—Section 171(a)(1)(E) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301(a)(1)(E)) is amended by inserting before the period at the end the following: “, but only with respect to sugar marketings through fiscal year 2002”.

### **SEC. 153. STORAGE FACILITY LOANS.**

(a) STORAGE FACILITY LOAN PROGRAM.—Notwithstanding any other provision of law and as soon as practicable after the date of enactment of this section, the Commodity Credit Corporation shall amend part 1436 of title 7, Code of Federal Regulations, to establish a sugar storage facility loan program to provide financing for processors of domestically-produced sugarcane and sugar beets to build or upgrade storage and handling facilities for raw sugars and refined sugars.

(b) ELIGIBLE PROCESSORS.—Storage facility loans shall be made available to any processor of domestically produced sugarcane or sugar beets that has a satisfactory credit history, determines a need for increased storage capacity (taking into account the effects of marketing allotments), and demonstrates an ability to repay the loan.

(c) TERM OF LOANS.—Storage facility loans shall be for a minimum of seven years, and shall be in such amounts and on such terms and conditions (including down payment, security requirements, and eligible equipment) as are normal, customary, and appropriate for the size and commercial nature of the borrower.

(d) ADMINISTRATION.—The sugar storage facility loan program shall be administered using the services, facilities, funds, and authorities of the Commodity Credit Corporation.

## **CHAPTER 3—PEANUTS**

### **SEC. 161. DEFINITIONS.**

In this chapter:

(1) COUNTER-CYCLICAL PAYMENT.—The term “counter-cyclical payment” means a payment made to producers under section 164.

(2) EFFECTIVE PRICE.—The term “effective price” means the price calculated by the Secretary under section 164 for peanuts to determine whether counter-cyclical payments are required to be made under such section for a crop year.

(3) ELIGIBLE PEANUT PRODUCER.—The term “eligible producer” means a producer on a farm in the United States that produced or attempted to produce peanuts during any or all of crop years 1998, 1999, 2000, and 2001.

(4) FIXED, DECOUPLED PAYMENT.—The term “fixed, decoupled payment” means a payment made to producers under section 163.

(5) PAYMENT ACRES.—The term “payment acres” means 85 percent of the peanut acres on a farm, as established under section 162, upon which fixed, decoupled payments and counter-cyclical payments are to be made.

(6) PEANUT ACRES.—The term “peanut acres” means the number of acres planted and prevented from being planted to peanuts for harvest on the farm over a certain number of crop years, as established under section 162.

(7) PAYMENT YIELD.—The term “payment yield” means the yield established under section 162 for a farm for peanuts.

(8) PRODUCER.—The term “producer” means an owner, operator, landlord, tenant, or sharecropper who shares in the risk of producing a crop of peanuts and who is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced.

(9) SECRETARY.—The term “Secretary” means the Secretary of Agriculture.

(10) STATE.—The term “State” means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

(11) TARGET PRICE.—The term “target price” means the price per ton of peanuts used to determine the payment rate for counter-cyclical payments.

(12) UNITED STATES.—The term “United States”, when used in a geographical sense, means all of the States.

**SEC. 162. ESTABLISHMENT OF PAYMENT YIELD, PEANUT ACRES, AND PAYMENT ACRES FOR A FARM.**

(a) ESTABLISHMENT OF PAYMENT YIELD.—

(1) ESTABLISHMENT AND PURPOSE.—For the purpose of making fixed decoupled payments and counter-cyclical payments to eligible peanut producers under this chapter, the Secretary shall provide for the establishment of a payment yield for each peanut farm in accordance with this subsection.

(2) AVERAGE YIELD.—The Secretary shall establish a payment yield for peanuts on a farm by first determining the average yield for peanuts on the farm for the 1998 through 2001 crop years, excluding any crop year in which the acreage planted to peanuts was zero. If, for any of these four crop years in which peanuts were planted, the farm would have satisfied the eligibility criteria established to carry out section 1102 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 1421 note; Public Law 105–277), the Secretary shall assign a yield for that year equal to 65 percent of the county yield, as determined by the Secretary.

(b) PEANUT ACRES.—The peanut acres for a farm shall be equal to the four-year average of acreage actually planted on the farm in peanuts for harvest during crop years 1998, 1999, 2000, and 2001 and any acreage on the farm that the producers were prevented from planting to peanuts during such crop years because of drought, flood, or other natural disaster, or other condition beyond the control of the producer, as determined by the Secretary.

(c) PAYMENT ACRES.—The payment acres for peanuts on a farm shall be equal to 85 percent of the peanut acres for the farm.

(d) PREVENTION OF EXCESS PAYMENT ACRES.—

(1) REQUIRED REDUCTION.—If the sum of the peanut acres for a farm, together with the acreage described in paragraph (2), exceeds the actual cropland acreage of the farm, the Secretary shall reduce the quantity of peanut acres for the farm or base acres for one or more covered commodities for the farm as necessary so that the sum of the peanut acres and acreage described in paragraph (2) does not exceed the actual cropland acreage of the farm. The Secretary shall give the producers on the farm the opportunity to select the peanut acres or base acres against which the reduction will be made.

(2) OTHER ACREAGE.—For purposes of paragraph (1), the Secretary shall include the following:

(A) Any base acres for the farm under subtitle A.

(B) Any acreage on the farm enrolled in the conservation reserve program or wetlands reserve program under chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.).

(C) Any other acreage on the farm enrolled in a conservation program for which payments are made in exchange for not producing an agricultural commodity on the acreage.

**SEC. 163. AVAILABILITY OF FIXED, DECOUPLED PAYMENTS FOR PEANUTS.**

(a) PAYMENT REQUIRED.—For each of the 2002 through 2011 crop years, the Secretary shall make fixed, decoupled payments to eligible peanut producers on a farm.

(b) PAYMENT RATE.—The payment rate used to make fixed, decoupled payments with respect to peanuts for a crop year shall be equal to \$36 per ton.

(c) PAYMENT AMOUNT.—The amount of the fixed, decoupled payment to be paid to the eligible peanut producers on a farm for a covered commodity for a crop year shall be equal to the product of the following:

(1) The payment rate specified in subsection (b).

(2) The payment acres on the farm.

(3) The payment yield for the farm.

(d) TIME FOR PAYMENT.—

(1) GENERAL RULE.—Fixed, decoupled payments shall be paid not later than September 30 of each of fiscal years 2002 through 2011. In the case of the 2002 crop, payments may begin to be made on or after December 1, 2001.

(2) ADVANCE PAYMENTS.—At the option of an eligible peanut producer, 50 percent of the fixed, decoupled payment for a fiscal year shall be paid on a date

selected by the producer. The selected date shall be on or after December 1 of that fiscal year, and the producer may change the selected date for a subsequent fiscal year by providing advance notice to the Secretary.

(3) REPAYMENT OF ADVANCE PAYMENTS.—If a producer that receives an advance fixed, decoupled payment for a fiscal year ceases to be an eligible peanut producer before the date the fixed, decoupled payment would otherwise have been made by the Secretary under paragraph (1), the producer shall be responsible for repaying the Secretary the full amount of the advance payment.

**SEC. 164. AVAILABILITY OF COUNTER-CYCLICAL PAYMENTS FOR PEANUTS.**

(a) PAYMENT REQUIRED.—During the 2002 through 2011 crop years for peanuts, the Secretary shall make counter-cyclical payments with respect to peanuts whenever the Secretary determines that the effective price for peanuts is less than the target price.

(b) EFFECTIVE PRICE.—For purposes of subsection (a), the effective price for peanuts is equal to the sum of the following:

(1) The higher of the following:

(A) The national average market price received by producers during the 12-month marketing year for peanuts, as determined by the Secretary.

(B) The national average loan rate for a marketing assistance loan for peanuts in effect for the same period under this chapter.

(2) The payment rate in effect under section 163 for the purpose of making fixed, decoupled payments.

(c) TARGET PRICE.—For purposes of subsection (a), the target price for peanuts shall be equal to \$480 per ton.

(d) PAYMENT RATE.—The payment rate used to make counter-cyclical payments for a crop year shall be equal to the difference between—

(1) the target price; and

(2) the effective price determined under subsection (b).

(e) PAYMENT AMOUNT.—The amount of the counter-cyclical payment to be paid to the eligible peanut producers on a farm for a crop year shall be equal to the product of the following:

(1) The payment rate specified in subsection (d).

(2) The payment acres on the farm.

(3) The payment yield for the farm.

(f) TIME FOR PAYMENTS.—

(1) GENERAL RULE.—The Secretary shall make counter-cyclical payments under this section for a peanut crop as soon as possible after determining under subsection (a) that such payments are required for that crop year.

(2) PARTIAL PAYMENT.—The Secretary may permit, and, if so permitted, an eligible peanut producer may elect to receive, up to 50 percent of the projected counter-cyclical payment, as determined by the Secretary, to be made under this section for a peanut crop upon completion of the first six months of the marketing year for that crop. The producer shall repay to the Secretary the amount, if any, by which the partial payment exceeds the actual counter-cyclical payment to be made for that crop.

**SEC. 165. PRODUCER AGREEMENT REQUIRED AS CONDITION ON PROVISION OF FIXED, DECOUPLED PAYMENTS AND COUNTER-CYCLICAL PAYMENTS.**

(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

(1) REQUIREMENTS.—Before the producers on a farm may receive fixed, decoupled payments or counter-cyclical payments with respect to the farm, the producers shall agree, in exchange for the payments—

(A) to comply with applicable conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.);

(B) to comply with applicable wetland protection requirements under subtitle C of title XII of the Act (16 U.S.C. 3821 et seq.);

(C) to comply with the planting flexibility requirements of section 166; and

(D) to use the land on the farm, in an amount equal to the peanut acres, for an agricultural or conserving use, and not for a nonagricultural commercial or industrial use, as determined by the Secretary.

(2) COMPLIANCE.—The Secretary may issue such rules as the Secretary considers necessary to ensure producer compliance with the requirements of paragraph (1).

(b) EFFECT OF FORECLOSURE.—A producer may not be required to make repayments to the Secretary of fixed, decoupled payments and counter-cyclical payments if the farm has been foreclosed on and the Secretary determines that forgiving the repayments is appropriate to provide fair and equitable treatment. This subsection shall not void the responsibilities of the producer under subsection (a) if the pro-

ducer continues or resumes operation, or control, of the farm. On the resumption of operation or control over the farm by the producer, the requirements of subsection (a) in effect on the date of the foreclosure shall apply.

(c) **TRANSFER OR CHANGE OF INTEREST IN FARM.**—

(1) **TERMINATION.**—Except as provided in paragraph (4), a transfer of (or change in) the interest of a producer in peanut acres for which fixed, decoupled payments or counter-cyclical payments are made shall result in the termination of the payments with respect to the peanut acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a). The termination shall be effective on the date of the transfer or change.

(2) **TRANSFER OF PAYMENT BASE.**—There is no restriction on the transfer of a farm's peanut acres or payment yield as part of a change in the producers on the farm.

(3) **MODIFICATION.**—At the request of the transferee or owner, the Secretary may modify the requirements of subsection (a) if the modifications are consistent with the objectives of such subsection, as determined by the Secretary.

(4) **EXCEPTION.**—If a producer entitled to a fixed, decoupled payment or counter-cyclical payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with regulations prescribed by the Secretary.

(d) **ACREAGE REPORTS.**—As a condition on the receipt of any benefits under this chapter, the Secretary shall require producers to submit to the Secretary acreage reports.

(e) **TENANTS AND SHARECROPPERS.**—In carrying out this chapter, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

(f) **SHARING OF PAYMENTS.**—The Secretary shall provide for the sharing of fixed, decoupled payments and counter-cyclical payments among the eligible peanut producers on a farm on a fair and equitable basis.

#### **SEC. 166. PLANTING FLEXIBILITY.**

(a) **PERMITTED CROPS.**—Subject to subsection (b), any commodity or crop may be planted on peanut acres on a farm.

(b) **LIMITATIONS AND EXCEPTIONS REGARDING FRUITS AND VEGETABLES.**—

(1) **LIMITATIONS.**—The planting of fruits and vegetables (other than lentils, mung beans, and dry peas) shall be prohibited on peanut acres.

(2) **EXCEPTIONS.**—Paragraph (1) shall not limit the planting of a fruit or vegetable—

(A) in any region in which there is a history of double-cropping of peanuts with fruits or vegetables, as determined by the Secretary, in which case the double-cropping shall be permitted;

(B) on a farm that the Secretary determines has a history of planting fruits or vegetables on peanut acres, except that fixed, decoupled payments and counter-cyclical payments shall be reduced by an acre for each acre planted to the fruit or vegetable; or

(C) by a producer who the Secretary determines has an established planting history of a specific fruit or vegetable, except that—

(i) the quantity planted may not exceed the producer's average annual planting history of the fruit or vegetable in the 1991 through 1995 crop years (excluding any crop year in which no plantings were made), as determined by the Secretary; and

(ii) fixed, decoupled payments and counter-cyclical payments shall be reduced by an acre for each acre planted to the fruit or vegetable.

#### **SEC. 167. MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS FOR PEANUTS.**

(a) **NONRECOURSE LOANS AVAILABLE.**—

(1) **AVAILABILITY.**—For each of the 2002 through 2011 crops of peanuts, the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for peanuts produced on the farm. The loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under subsection (b).

(2) **ELIGIBLE PRODUCTION.**—Any production of peanuts on a farm shall be eligible for a marketing assistance loan under this subsection.

(3) **TREATMENT OF CERTAIN COMMINGLED COMMODITIES.**—In carrying out this subsection, the Secretary shall make loans to a producer that is otherwise eligible to obtain a marketing assistance loan, but for the fact the peanuts owned by the producer are commingled with other peanuts in facilities unlicensed for the storage of agricultural commodities by the Secretary or a State licensing authority, if the producer obtaining the loan agrees to immediately redeem the

loan collateral in accordance with section 166 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7286).

(4) **OPTIONS FOR OBTAINING LOAN.**—A marketing assistance loan under this subsection, and loan deficiency payments under subsection (e), may be obtained at the option of the producer through—

- (A) a designated marketing association of peanut producers that is approved by the Secretary;
- (B) a loan servicing agent approved by the Secretary; or
- (C) the Farm Service Agency.

(5) **LOAN SERVICING AGENT.**—As a condition of the Secretary's approval of an entity to serve as a loan servicing agent or to handle or store peanuts for producers that receive any marketing loan benefits, the entity shall agree to provide adequate storage (if available) and handling of peanuts at the commercial rate to other approved loan servicing agents and marketing associations.

(b) **LOAN RATE.**—The loan rate for a marketing assistance loan under for peanuts subsection (a) shall be equal to \$350 per ton.

(c) **TERM OF LOAN.**—

(1) **IN GENERAL.**—A marketing assistance loan for peanuts under subsection (a) shall have a term of nine months beginning on the first day of the first month after the month in which the loan is made.

(2) **EXTENSIONS PROHIBITED.**—The Secretary may not extend the term of a marketing assistance loan under subsection (a).

(d) **REPAYMENT RATE.**—The Secretary shall permit producers to repay a marketing assistance loan for peanuts under subsection (a) at a rate that is the lesser of—

- (1) the loan rate established for the commodity under subsection (b), plus interest (as determined by the Secretary); or
- (2) a rate that the Secretary determines will—
  - (A) minimize potential loan forfeitures;
  - (B) minimize the accumulation of stocks of peanuts by the Federal Government;
  - (C) minimize the cost incurred by the Federal Government in storing peanuts; and
  - (D) allow peanuts produced in the United States to be marketed freely and competitively, both domestically and internationally.

(e) **LOAN DEFICIENCY PAYMENTS.**—

(1) **AVAILABILITY.**—The Secretary may make loan deficiency payments available to producers who, although eligible to obtain a marketing assistance loan for peanuts under subsection (a), agree to forgo obtaining the loan for the peanuts in return for payments under this subsection.

(2) **COMPUTATION.**—A loan deficiency payment under this subsection shall be computed by multiplying—

- (A) the loan payment rate determined under paragraph (3) for peanuts; by
- (B) the quantity of the peanuts produced by the eligible producers, excluding any quantity for which the producers obtain a loan under subsection (a).

(3) **LOAN PAYMENT RATE.**—For purposes of this subsection, the loan payment rate shall be the amount by which—

- (A) the loan rate established under subsection (b); exceeds
- (B) the rate at which a loan may be repaid under subsection (d).

(4) **TIME FOR PAYMENT.**—The Secretary shall make a payment under this subsection to a producer with respect to a quantity of peanuts as of the earlier of the following:

- (A) The date on which the producer marketed or otherwise lost beneficial interest in the peanuts, as determined by the Secretary.
- (B) The date the producer requests the payment.

(f) **COMPLIANCE WITH CONSERVATION AND WETLANDS REQUIREMENTS.**—As a condition of the receipt of a marketing assistance loan under subsection (a), the producer shall comply with applicable conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.) and applicable wetland protection requirements under subtitle C of title XII of the Act (16 U.S.C. 3821 et seq.) during the term of the loan.

(g) **REIMBURSABLE AGREEMENTS AND PAYMENT OF EXPENSES.**—To the extent practicable, the Secretary shall implement any reimbursable agreements or provide for the payment of expenses under this chapter in a manner that is consistent with such activities in regard to other commodities.

(h) **TERMINATION OF SUPERSEDED PRICE SUPPORT AUTHORITY.**—

(1) **REPEAL.**—Section 155 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7271) is repealed.



(2) CONFORMING AMENDMENTS.—The Agricultural Act of 1949 (7 U.S.C. 1441 et seq.) is amended—

- (A) in section 101(b) (7 U.S.C. 1441(b)), by striking “and peanuts”; and
- (B) in section 408(c) (7 U.S.C. 1428(c)), by striking “peanuts,”.

**SEC. 168. QUALITY IMPROVEMENT.**

(a) OFFICIAL INSPECTION.—

(1) MANDATORY INSPECTION.—All peanuts placed under a marketing assistance loan under section 167 shall be officially inspected and graded by Federal or State inspectors.

(2) OPTIONAL INSPECTION.—Peanuts not placed under a marketing assistance loan may be graded at the option of the producer.

(b) TERMINATION OF PEANUT ADMINISTRATIVE COMMITTEE.—The Peanut Administrative Committee established under Marketing Agreement No. 1436, which regulates the quality of domestically produced peanuts under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is terminated.

(c) ESTABLISHMENT OF PEANUT STANDARDS BOARD.—The Secretary shall establish a Peanut Standards Board for the purpose of assisting in the establishment of quality standards with respect to peanuts. The authority of the Board is limited to assisting in the establishment of quality standards for peanuts. The members of the Board should fairly reflect all segments of the peanut industry.

(d) EFFECTIVE DATE.—This section shall take effect with the 2002 crop of peanuts.

**SEC. 169. PAYMENT LIMITATIONS.**

For purposes of sections 1001 through 1001C of the Food Security Act of 1985 (7 U.S.C. 1308 through 1308–3), separate payment limitations shall apply to peanuts with respect to—

- (1) fixed, decoupled payments;
- (2) counter-cyclical payments, and
- (3) limitations on marketing loan gains and loan deficiency payments.

**SEC. 170. TERMINATION OF MARKETING QUOTA PROGRAMS FOR PEANUTS AND COMPENSATION TO PEANUT QUOTA HOLDERS FOR LOSS OF QUOTA ASSET VALUE.**

(a) REPEAL OF MARKETING QUOTA.—Part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357–1359a), relating to peanuts, is repealed.

(b) COMPENSATION REQUIRED.—During fiscal years 2002 through 2006, the Secretary shall make payments under this section to eligible peanut quota holders to compensate them for the lost value of the quota on account of the repeal of the marketing quota program for peanuts under subsection (a).

(c) TIME FOR PAYMENT.—The payments required by this section shall be provided in five equal installments not later than September 30 of each of fiscal years 2002 through 2006.

(d) PAYMENT AMOUNT.—The amount of the payment for a fiscal year to a peanut quota holder under this section shall be equal to the product obtained by multiplying—

- (1) \$0.10 per pound; by
- (2) the actual farm poundage quota (excluding seed and experimental peanuts) established for the peanut quota holder’s farm under section 358–1(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(b)) for the 2001 marketing year.

(e) ASSIGNMENT OF PAYMENTS.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)), relating to assignment of payments, shall apply to the payments made to peanut quota holders under this section. The peanut quota holder making the assignment, or the assignee, shall provide the Secretary with notice, in such manner as the Secretary may require, of any assignment made under this subsection.

(f) PEANUT QUOTA HOLDER DEFINED.—In this section, the term “peanut quota holder” means a person or enterprise that owns a farm that—

- (1) was eligible, immediately before the date of the enactment of this Act, to have a peanut quota established upon it;
- (2) if there are not quotas currently established, would be eligible to have a quota established upon it for the succeeding crop year, in the absence of the amendment made by subsection (a); or
- (3) is otherwise a farm that was eligible for such a quota at the time the general quota establishment authority was repealed.

The Secretary shall apply this definition without regard to temporary leases or transfers or quotas for seed or experimental purposes.

## Subtitle D—Administration

### SEC. 181. ADMINISTRATION GENERALLY.

(a) **USE OF COMMODITY CREDIT CORPORATION.**—The Secretary shall carry out this title through the Commodity Credit Corporation.

(b) **DETERMINATIONS BY SECRETARY.**—A determination made by the Secretary under this title shall be final and conclusive.

(c) **REGULATIONS.**—Not later than 90 days after the date of the enactment of this Act, the Secretary and the Commodity Credit Corporation, as appropriate, shall issue such regulations as are necessary to implement this title. The issuance of the regulations shall be made without regard to—

(1) the notice and comment provisions of section 553 of title 5, United States Code;

(2) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804) relating to notices of proposed rulemaking and public participation in rulemaking; and

(3) chapter 35 of title 44, United States Code (commonly known as the “Paperwork Reduction Act”).

(d) **PROTECTION OF PRODUCERS.**—The protection afforded producers that elect the option to accelerate the receipt of any payment under a production flexibility contract payable under the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7212 note) shall also apply to the advance payment of fixed, decoupled payments and counter-cyclical payments.

### SEC. 182. EXTENSION OF SUSPENSION OF PERMANENT PRICE SUPPORT AUTHORITY.

(a) **AGRICULTURAL ADJUSTMENT ACT OF 1938.**—Section 171(a)(1) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301(a)(1)) is amended by striking “2002” both places it appears and inserting “2011”.

(b) **AGRICULTURAL ACT OF 1949.**—Section 171(b)(1) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301(b)(1)) is amended by striking “2002” both places it appears and inserting “2011”.

(c) **SUSPENSION OF CERTAIN QUOTA PROVISIONS.**—Section 171(c) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301(c)) is amended by striking “2002” and inserting “2011”.

### SEC. 183. LIMITATIONS.

(a) **LIMITATION ON AMOUNTS RECEIVED.**—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended—

(1) in paragraph (1)—

(A) by striking “PAYMENTS UNDER PRODUCTION FLEXIBILITY CONTRACTS” and inserting “FIXED, DECOUPLED PAYMENTS”;

(B) by striking “contract payments made under the Agricultural Market Transition Act to a person under 1 or more production flexibility contracts” and inserting “fixed, decoupled payments made to a person”;

(C) by striking “4” and inserting “5”;

(2) in paragraphs (2) and (3)—

(A) by striking “payments specified” and all that follows through “and oilseeds” and inserting “following payments that a person shall be entitled to receive”;

(B) by striking “75” and inserting “150”; and

(C) by striking the period at the end of paragraph (2) and all that follows through “the following” in paragraph (3);

(D) by striking “section 131” and all that follows through “section 132” and inserting “section 121 of the Farm Security Act of 2001 for a crop of any covered commodity at a lower level than the original loan rate established for the commodity under section 122”; and

(E) by striking “section 135” and inserting “section 125”; and

(3) by inserting after paragraph (2) the following new paragraph (3):

“(3) **LIMITATION ON COUNTER-CYCLICAL PAYMENTS.**—The total amount of counter-cyclical payments that a person may receive during any crop year shall not exceed the amount specified in paragraph (2), as in effect on the day before the date of the enactment of the Farm Security Act of 2001.”.

(b) **DEFINITIONS.**—Paragraph (4) of section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended to read as follows:

“(4) **DEFINITIONS.**—In this title, the terms ‘covered commodity’, ‘counter-cyclical payment’, and ‘fixed, decoupled payment’ have the meaning given those terms in section 100 of the Farm Security Act of 2001.”.

(c) **TRANSITION.**—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308), as in effect on the day before the date of the enactment of this Act, shall continue

to apply with respect to fiscal year 2001 and the 2001 crop of any covered commodity.

**SEC. 184. ADJUSTMENTS OF LOANS.**

Section 162(b) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7282(b)) is amended by striking “this title” and inserting “this title and title I of the Farm Security Act of 2001”.

**SEC. 185. PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.**

Section 164 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7284) is amended by striking “this title” both places it appears and inserting “this title and title I of the Farm Security Act of 2001”.

**SEC. 186. EXTENSION OF EXISTING ADMINISTRATIVE AUTHORITY REGARDING LOANS.**

Section 166 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7286) is amended by striking “subtitle C” both places it appears and inserting “subtitle C of this title and title I of the Farm Security Act of 2001”.

**SEC. 187. ASSIGNMENT OF PAYMENTS.**

The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)), relating to assignment of payments, shall apply to payments made under the authority of this Act. The producer making the assignment, or the assignee, shall provide the Secretary with notice, in such manner as the Secretary may require, of any assignment made under this section.

## **TITLE II—CONSERVATION**

### **Subtitle A—Definition**

**SEC. 201. DEFINITION OF AGRICULTURAL COMMODITY.**

Section 1201(a)(1) of the Food Security Act of 1985 (16 U.S.C. 3801(a)(1)) is amended to read as follows:

“(1) AGRICULTURAL COMMODITY.—The term ‘agricultural commodity’ means any agricultural crop planted or produced in a State.”.

### **Subtitle B—Wetland Conservation Program**

**SEC. 211. INELIGIBILITY FOR CERTAIN LOANS AND PAYMENTS.**

Section 1221(b) of the Food Security Act of 1985 (16 U.S.C. 3821(b)) is amended by inserting “relating to any commodity produced during that crop year by such person” before “for which the person”.

### **Subtitle C—Environmental Conservation Acreage Reserve Program**

**SEC. 221. ELIMINATION OF GENERAL PROVISIONS.**

Chapter 1 of subtitle D of title XII of the Food Security Act of 1985 is amended—

- (1) by striking the heading for subchapter A;
- (2) by striking section 1230 (16 U.S.C. 3830);
- (3) in section 1230A (16 U.S.C. 3830a), by striking “chapter” each place it appears and inserting “title”;
- (4) by redesignating section 1230A as section 1244; and
- (5) by transferring section 1244 (as so redesignated) to the end of subtitle E.

### **Subtitle D—Conservation Reserve Program**

**SEC. 231. REAUTHORIZATION.**

(a) IN GENERAL.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended in each of subsections (a), (b)(3), and (d), by striking “2002” and inserting “2011”.

(b) SCOPE OF PROGRAM.—Section 1231(a) of such Act (16 U.S.C. 3831(a)) is amended by striking “and water” and inserting “, water, and wildlife”.

**SEC. 232. ENROLLMENT.**

(a) **ELIGIBILITY.**—Section 1231(b) of the Food Security Act of 1985 (16 U.S.C. 3831(b)) is amended—

(1) by striking paragraphs (2) and (3) and inserting the following:

“(2) marginal pasturelands to be devoted to natural vegetation in or near riparian areas or for similar water quality purposes;”;

(2) in paragraph (4)—

(A) by striking subparagraph (A) and inserting the following:

“(A) if the Secretary determines that—

“(i) the lands contribute to the degradation of soil, water, or air quality, or would pose an on-site or off-site environmental threat to soil, water, or air quality if permitted to remain in agricultural production; and

“(ii) soil, water, and air quality objectives with respect to the land cannot be achieved under the environmental quality incentives program established under chapter 4;”;

(B) by striking “or” at the end of subparagraph (C);

(C) by striking the period at the end of subparagraph (D) and inserting “, or”; and

(D) by adding at the end the following:

“(E) if the Secretary determines that enrollment of such lands would contribute to conservation of ground or surface water.”; and

(3) by redesignating paragraph (4) as paragraph (3).

(b) **INCREASE IN MAXIMUM ENROLLMENT.**—Section 1231(d) of such Act (16 U.S.C. 3831(d)) is amended by striking “36,400,000” and inserting “39,200,000”.

(c) **ELIGIBILITY ON CONTRACT EXPIRATION.**—Section 1231(f) of such Act (16 U.S.C. 3831(f)) is amended to read as follows:

“(f) **ELIGIBILITY ON CONTRACT EXPIRATION.**—On the expiration of a contract entered into under this subchapter, the land subject to the contract shall be eligible to be re-enrolled in the conservation reserve.”.

(d) **BALANCE AMONG CONTRACTS AWARDED.**—

(1) **IN GENERAL.**—Section 1231 of such Act (16 U.S.C. 3831) is amended by adding at the end the following:

“(i) **BALANCE AMONG CONTRACTS AWARDED.**—In determining the acceptability of contract offers under this subchapter, the Secretary shall balance conservation interests in soil erosion, water quality, and wildlife habitat.”.

(2) **REGULATIONS.**—Not later than 180 days after the date of the enactment of this Act, the Secretary of Agriculture shall issue final regulations implementing section 1231(i) of the Food Security Act of 1985, as added by paragraph (1) of this subsection.

**SEC. 233. DUTIES OF OWNERS AND OPERATORS.**

Section 1232 of the Food Security Act of 1985 (16 U.S.C. 3832) is amended—

(1) in subsection (a)—

(A) in paragraph (3), by inserting “as described in section 1232(a)(7) or for other purposes” before “as permitted”;

(B) in paragraph (4), by inserting “where practicable, or maintain existing cover” before “on such land”; and

(C) in paragraph (7), by striking “Secretary—” and all that follows and inserting “Secretary may permit—

“(A) managed grazing and limited haying, in which case the Secretary shall reduce the conservation reserve payment otherwise payable under the contract by an amount commensurate with the economic value of the activity;

“(B) wind turbines for the provision of wind energy, whether or not commercial in nature; and

“(C) land subject to the contract to be harvested for recovery of biomass used in energy production, in which case the Secretary shall reduce the conservation reserve payment otherwise payable under the contract by an amount commensurate with the economic value of such activity;”;

(2) by striking subsections (c) and (d) and redesignating subsection (e) as subsection (c).

**SEC. 234. DUTIES OF THE SECRETARY.**

Section 1233 of the Food Security Act of 1985 (16 U.S.C. 3833) is amended—

(1) in paragraph (1), by adding “and” at the end;

(2) in paragraph (2), by striking “; and” and inserting a period; and

(3) striking paragraph (3).

**SEC. 235. ACCEPTANCE OF CONTRACT OFFERS.**

Section 1234(c) of the Food Security Act of 1985 (16 U.S.C. 3834(c)) is amended by striking paragraph (3).

**SEC. 236. CONTRACTS.**

(a) **IN GENERAL.**—Section 1235 of the Food Security Act of 1985 (16 U.S.C. 3835) is amended—

(1) in subsection (a)(1)—

- (A) in subparagraph (A), by adding “or” at the end;
- (B) by striking subparagraphs (B) and (C); and
- (C) by redesignating subparagraph (D) and subparagraph (B).

(2) by adding at the end the following:

“(f) **RESTORATION OF BASE.**—On the expiration of a contract entered into under this subchapter, the Secretary shall restore the base, contract acreage, quota, or allotment history applicable to the land when the contract was entered into.”.

(b) **CONSERVATION RESERVE PAYMENT.**—Subchapter B of chapter 1 of subtitle D of title XII of such Act (16 U.S.C. 3831–3836) is amended by striking “rental payment” each place it appears and inserting “conservation reserve payment”.

## **Subtitle E—Wetlands Reserve Program**

**SEC. 241. ENROLLMENT.**

(a) **MAXIMUM.**—Section 1237(b) of the Food Security Act of 1985 (16 U.S.C. 3837(b)) is amended by striking paragraph (1) and inserting the following:

“(1) **ANNUAL ENROLLMENT.**—In addition to any acres enrolled in the wetlands reserve program as of the end of a calendar year, the Secretary may in the succeeding calendar year enroll in the program a number of additional acres equal to—

“(A) if the succeeding calendar year is calendar year 2002, 150,000;

“(B) if the succeeding calendar year is a calendar year after calendar year 2002—

“(i) 150,000; plus

“(ii) the amount (if any) by which 150,000, multiplied by the number of calendar years in the period that begins with calendar year 2002 and ends with the calendar year preceding such succeeding calendar year, exceeds the total number of acres added to the reserve during the period.”.

(b) **METHODS.**—Section 1237(b)(2) of such Act (16 U.S.C. 3837(b)(2)) is amended to read as follows:

“(2) **METHODS OF ENROLLMENT.**—The Secretary shall enroll acreage into the wetlands reserve program through the use of easements, restoration cost share agreements, or both.”.

(c) **ELIGIBILITY.**—Section 1237 of such Act (16 U.S.C. 3837) is amended by striking subsections (c), (d), and (e) and inserting the following:

“(c) **PRIORITY.**—For purposes of enrolling acreage in the wetlands reserve program, the Secretary shall give priority to land that maximizes wetland functions and values.

“(d) **INELIGIBLE LAND.**—The Secretary may not acquire an easement under this chapter on land which is—

“(1) enrolled in the conservation reserve program established under subchapter B; or

“(2) subject to a contract under the environmental quality incentives program established by chapter 4.”.

(d) **CONFORMING AMENDMENTS.**—Section 1237 of such Act (16 U.S.C. 3837) is amended—

(1) by redesignating subsection (f) as subsection (e); and

(2) by striking subsection (g).

**SEC. 242. EASEMENTS AND AGREEMENTS.**

Section 1237A of the Food Security Act of 1985 (16 U.S.C. 3837a) is amended—

(1) in subsection (b), by striking paragraph (2) and inserting the following:

“(2) prohibits the alteration of wildlife habitat and other natural features of such land, unless specifically permitted by the plan;”;

(2) in subsection (e), by striking paragraph (2) and inserting the following:

“(2) shall be consistent with applicable State law.”;

(3) by striking subsections (c) and (h) and redesignating subsections (d) through (g) as subsections (c) through (f), respectively.

**SEC. 243. DUTIES OF THE SECRETARY.**

Section 1237C of the Food Security Act of 1985 (16 U.S.C. 3837c) is amended—

- (1) in subsection (a)—
  - (A) by striking “shall—” and all that follows through “(1)” and inserting “shall”; and
  - (B) by striking “interest;” and all that follows and inserting “interest.”;
- and
- (2) by striking subsection (d).

**SEC. 244. PAYMENT LIMITATION.**

Section 1237D(c)(1) of the Food Security Act of 1985 (16 U.S.C. 3837d(c)(1)) is amended by striking “easement payments” and inserting “payments”.

**SEC. 245. CHANGES IN OWNERSHIP; AGREEMENT MODIFICATION; TERMINATION.**

Section 1237E(a)(2) of the Food Security Act of 1985 (16 U.S.C. 3837e(a)(2)) is amended to read as follows:

“(2) the ownership change occurred due to foreclosure on the land and the owner of the land immediately before the foreclosure exercises a right of redemption from the mortgage holder in accordance with State law, or”.

## Subtitle F—Environmental Quality Incentives Program

**SEC. 251. PURPOSES.**

Section 1240 of the Food Security Act of 1985 (16 U.S.C. 3839aa) is amended—

- (1) by striking “to—” and all that follows through “provides—” and inserting “provide—”;
- (2) by striking “that face the most serious threats to” and inserting “to address environmental needs and provide benefits to air.”;
- (3) by redesignating the subparagraphs (A) through (D) that follow the matter amended by paragraph (2) of this section as paragraphs (1) through (4), respectively;
- (4) by moving each of such redesignated provisions 2 ems to the left; and
- (5) by striking “farmers and ranchers” each place it appears and inserting “producers”.

**SEC. 252. DEFINITIONS.**

Section 1240A of the Food Security Act of 1985 (16 U.S.C. 3839aa–1) is amended—

- (1) in paragraph (1)—
  - (A) by inserting “non-industrial private forest land,” before “and other land”; and
  - (B) by striking “poses a serious threat” and all that follows and inserting “provides increased environmental benefits to air, soil, water, or related resources.”;
- (2) in paragraph (4), by inserting “, including non-industrial private forestry” before the period; and
- (3) in paragraph (5), by striking “permanent wildlife habitat,”.

**SEC. 253. ESTABLISHMENT AND ADMINISTRATION.**

(a) REAUTHORIZATION.—Section 1240B(a)(1) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(a)(1)) is amended by striking “2002” and inserting “2011”.

(b) TERM OF CONTRACTS.—Section 1240B(b)(2) of such Act (16 U.S.C. 3839aa–2(b)(2)) is amended by striking “not less than 5, nor more than 10, years” and inserting “not less than 1 year, nor more than 10 years”.

(c) STRUCTURAL PRACTICES.—Section 1240B(c)(1)(B) of such Act (16 U.S.C. 3839aa–2(c)(1)(B)) is amended to read as follows:

“(B) achieving the purposes established under this subtitle.”.

(d) ELIMINATION OF CERTAIN LIMITATIONS ON ELIGIBILITY FOR COST-SHARE PAYMENTS.—Section 1240B(e)(1) of such Act (16 U.S.C. 3839aa–2(e)(1)) is amended—

- (1) by striking subparagraph (B) and redesignating subparagraph (C) as subparagraph (B); and
- (2) in subparagraph (B) (as so redesignated), by striking “or 3”.

(e) INCENTIVE PAYMENTS.—Section 1240B of such Act (16 U.S.C. 3839aa–2) is amended—

- (1) in subsection (e)—
  - (A) in the subsection heading, by striking “, INCENTIVE PAYMENTS.”; and
  - (B) by striking paragraph (2); and

(2) by redesignating subsection (f) as subsection (g) and inserting after subsection (e) the following:

“(f) FARMLAND CONSERVATION INCENTIVE PAYMENTS.—

“(1) IN GENERAL.—The Secretary may make incentive payments in an amount and at a rate determined by the Secretary to be necessary to encourage a producer to perform multiple land management practices and to promote the enhancement of soil, water, air, and related resources.

“(2) SPECIAL RULE.—In determining the amount and rate of incentive payments, the Secretary may accord great weight to those practices that include residue, nutrient, pest, invasive species, and air quality management.”.

**SEC. 254. EVALUATION OF OFFERS AND PAYMENTS.**

Section 1240C of the Food Security Act of 1985 (16 U.S.C. 3839aa–3) is amended by striking paragraphs (1) through (3) and inserting the following:

“(1) aid producers in complying with this title and Federal and State environmental laws, and encourage environmental enhancement and conservation; and

“(2) maximize the beneficial usage of animal manure and other similar soil amendments which improve soil health, tilth, and water-holding capacity.”.

**SEC. 255. DUTIES OF PRODUCERS.**

Section 1240D of the Food Security Act of 1985 (16 U.S.C. 3839aa–4) is amended by striking paragraph (2) and redesignating paragraphs (3) through (6) as paragraphs (2) through (5), respectively.

**SEC. 256. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.**

Section 1240E(a) of the Food Security Act of 1985 (16 U.S.C. 3839aa–5(a)) is amended by striking “that incorporates such conservation practices” and all that follows and inserting “that provides or will continue to provide increased environmental benefits to air, soil, water, or related resources.”.

**SEC. 257. DUTIES OF THE SECRETARY.**

Section 1240F of the Food Security Act of 1985 (16 U.S.C. 3839aa–6) is amended by striking paragraphs (2) and (3) and redesignating paragraphs (4) and (5) as paragraphs (2) and (3), respectively.

**SEC. 258. LIMITATION ON PAYMENTS.**

Section 1240G of the Food Security Act of 1985 (16 U.S.C. 3839aa–7) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking “\$10,000” and inserting “\$50,000”; and

(B) in paragraph (2), by striking “\$50,000” and inserting “\$200,000”;

(2) in subsection (b), by striking “the maximization of environmental benefits per dollar expended and”; and

(3) by striking subsection (c).

**SEC. 259. GROUNDWATER CONSERVATION.**

Section 1240H of the Food Security Act of 1985 (16 U.S.C. 3839aa–8) is amended to read as follows:

**“SEC. 1240H. GROUNDWATER CONSERVATION.**

“The Secretary shall use \$60,000,000 of the funds of the Commodity Credit Corporation in each of fiscal years 2002 through 2011 to provide cost-share payments and low-interest loans to encourage groundwater conservation, including irrigation system improvement, and to provide incentive payments for capping wells, reducing use of water for irrigation, and switching from irrigation to dryland farming.”.

## Subtitle G—Funding and Administration

**SEC. 261. REAUTHORIZATION.**

Section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended by striking “2002” and inserting “2011”.

**SEC. 262. FUNDING.**

Section 1241(b)(1) of the Food Security Act of 1985 (16 U.S.C. 3841(b)(1)) is amended—

(1) by striking “and” the 1st place it appears; and

(2) by striking “\$130,000,000” and all that follows through “2002” and inserting “\$200,000,000 for fiscal year 2001, and \$1,200,000,000 for each of fiscal years 2002 through 2011”.

**SEC. 263. ALLOCATION FOR LIVESTOCK PRODUCTION.**

Section 1241(b)(2) of the Food Security Act of 1985 (16 U.S.C. 3841(b)(2)) is amended by striking “2002” and inserting “2011”.

**SEC. 264. USE OF OTHER AGENCIES.**

Section 1242(a) of the Food Security Act of 1985 (16 U.S.C. 3842(a)) is amended to read as follows:

“(a) **PRINCIPAL AGENCY.**—The Secretary shall use the Farm Service Agency in carrying out subtitles B and C, and subchapter B of chapter 1, and chapters 2 and 4, of subtitle D.”.

**SEC. 265. ADMINISTRATION AND TECHNICAL ASSISTANCE.**

(a) **BROADENING OF EXCEPTION TO ACREAGE LIMITATION.**—Section 1243(b)(2) of the Food Security Act of 1985 (16 U.S.C. 3843(b)(2)) is amended by striking “that—” and all that follows and inserting “that the action would not adversely affect the local economy of the county.”.

(b) **RULES GOVERNING PROVISION OF TECHNICAL ASSISTANCE.**—Section 1243(d) of the Food Security Act of 1985 (16 U.S.C. 3843(d)) is amended to read as follows:

“(d) **RULES GOVERNING PROVISION OF TECHNICAL ASSISTANCE.**—

“(1) **IN GENERAL.**—The Secretary shall provide technical assistance under this title to a producer eligible for such assistance, by providing the assistance directly or, at the option of the producer, through an approved third party if available.

“(2) **AMOUNT.**—The Secretary shall determine the amount of technical assistance to be provided to a producer under this title, and on making the determination, shall make the necessary funds available to—

“(A) if the producer has selected an approved third party to provide the assistance, such approved third party; or

“(B) otherwise, the Natural Resources Conservation Service.

“(3) **FUNDING SOURCE; LIMITATION.**—

“(A) **USE OF CCC FUNDS.**—Subject to subparagraph (B), the Secretary may use not more than \$100,000,000 of funds of the Commodity Credit Corporation for each of fiscal years 2002 through 2011 to carry out this subsection.

“(B) **LIMITATION.**—The total amount expended under this subsection for fiscal years 2002 through 2011 may not exceed \$850,000,000.

“(4) **CERTIFICATION OF THIRD-PARTY PROVIDERS.**—

“(A) **IN GENERAL.**—Not later than 6 months after the date of the enactment of this Act, the Secretary of Agriculture shall, by regulation, establish a system for approving persons to provide technical assistance pursuant to this title. In the system, the Secretary shall give priority to a person who has a memorandum of understanding regarding the provision of technical assistance in place with the Secretary before the date of the enactment of this subsection.

“(B) **EXPERTISE REQUIRED.**—In prescribing such regulations, the Secretary shall ensure that persons with expertise in the technical aspects of conservation planning, watershed planning, environmental engineering, including commercial entities, nonprofit entities, State or local governments or agencies, and other Federal agencies, are eligible to become approved providers of such technical assistance.”.

(c) **DUTY OF SECRETARY.**—

(1) **IN GENERAL.**—Section 1770(d) of such Act (7 U.S.C. 2276(d)) is amended—

(A) by striking “or” at the end of paragraph (9);

(B) by striking the period at the end of paragraph (11) and inserting “; or”; and

(C) by adding at the end the following:

“(12) title XII of this Act.”.

(2) **CONFORMING AMENDMENTS.**—Section 1770(e) of such Act (7 U.S.C. 2276(e)) is amended—

(A) by striking the subsection heading and inserting “EXCEPTIONS”; and

(B) by inserting “, or as necessary to carry out a program under title XII of this Act as determined by the Secretary” before the period.

(d) **CONFORMING AMENDMENTS.**—

(1) **HIGHLY ERODIBLE LAND CONSERVATION.**—Section 1213(e) of such Act (16 U.S.C. 3812a(e)) is amended to read as follows:

“(e) **TECHNICAL ASSISTANCE.**—A producer who is subject to this subtitle shall be eligible to receive technical assistance in accordance with section 1243(d) throughout the development, revision, and application of the conservation plan and any conservation system of the producer.”.

(2) **CONSERVATION RESERVE PROGRAM.**—Section 1233 of such Act (16 U.S.C. 3833) is amended—



- (A) by inserting “(a) IN GENERAL.—” before “In return”;
- (B) by adding “and” at the end of paragraph (1);
- (C) by striking “; and” at the end of paragraph (2)(B) and inserting a period;
- (D) by striking paragraph (3); and
- (E) by adding after and below the end the following:
 

“(b) TECHNICAL ASSISTANCE.—An owner or operator who is participating in the program under this subtitle shall be eligible to receive technical assistance in accordance with section 1243(d) to assist the owner or operator in carrying out a contract entered into under section 1232.”.
- (3) WETLANDS RESERVE PROGRAM.—Section 1237C(b) of such Act (16 U.S.C. 3837c(b)) is amended—
  - (A) in the subsection heading, by striking “AND TECHNICAL ASSISTANCE”; and
  - (B) by striking paragraph (3) and inserting the following:
 

“(2) TECHNICAL ASSISTANCE.—A producer who is participating in the program under this subtitle shall be eligible to receive technical assistance in accordance with section 1243(d) to assist the producer in complying with the terms of easements and restoration cost share agreements under this subchapter.”.
- (4) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—
  - (A) IN GENERAL.—Section 1240B of such Act (16 U.S.C. 3839aa-2) is amended—
    - (i) in subsection (a)(1), by striking “technical assistance,”; and
    - (ii) in subsection (e)—
      - (I) in the subsection heading, by striking “AND TECHNICAL ASSISTANCE”; and
      - (II) by striking paragraph (3) and inserting the following:
 

“(2) TECHNICAL ASSISTANCE.—A producer who is participating in the program under this subtitle shall be eligible to receive technical assistance in accordance with section 1243(d) to assist the producer in writing and developing proposals and plans for contracts under this chapter, and in the implementation of structural practices and land management practices covered by such contracts.”.
  - (B) CONFORMING AMENDMENTS.—Section 1241(b) of such Act (16 U.S.C. 3841(b)) is amended—
    - (i) in paragraph (1), by striking “technical assistance,”; and
    - (ii) in paragraph (2), by striking “technical assistance” and all that follows through “education” and inserting “cost-share payments and incentive payments”.

## Subtitle H—Other Programs

### SEC. 271. WILDLIFE HABITAT INCENTIVES PROGRAM.

Section 387(c) of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 3836a(c)) is amended to read as follows:

“(c) FUNDING.—To carry out this section, there shall be made available \$25,000,000 for each of fiscal years 2002 through 2011, from funds made available from the Commodity Credit Corporation.”.

### SEC. 272. FARMLAND PROTECTION PROGRAM.

(a) CONSERVATION OF HISTORIC AND ARCHAEOLOGICAL RESOURCES.—Section 388(a) of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 3830 note) is amended by inserting “, or agricultural land that contains historic or archeological resources,” after “other productive soil”.

(b) FUNDING.—Section 388(c) of such Act (16 U.S.C. 3830 note) is amended to read as follows:

“(c) FUNDING.—The Secretary shall use not more than \$50,000,000 of the funds of the Commodity Credit Corporation in each of fiscal years 2002 through 2011 to carry out this section.”.

### SEC. 273. RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.

(a) PURPOSE.—Section 1528 of the Agriculture and Food Act of 1981 (16 U.S.C. 3451) is amended—

- (1) by striking the section heading and all that follows through “Sec. 1528. It is the purpose” and inserting the following:

“SEC. 1528. STATEMENT OF PURPOSE.

“It is the purpose”; and

- (2) by inserting “through designated RC&D councils” before “in rural areas”.

(b) DEFINITIONS.—Section 1529 of such Act (16 U.S.C. 3452) is amended—

(1) by striking the section heading and all that follows through “Sec. 1529. As used in this subtitle—” and inserting the following:

**“SEC. 1529. DEFINITIONS.**

“In this title:”;

(2) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by inserting “RC&D council” before “area plan”;

(B) in subparagraph (B), by striking “through control of nonpoint sources of pollution”;

(C) in subparagraph (C)—

(i) by striking “natural resources based” and inserting “resource-based”;

(ii) by striking “development of aquaculture.”;

(iii) by striking “and satisfaction” and inserting “satisfaction”; and

(iv) by inserting “food security, economic development, and education” before the semicolon; and

(D) in subparagraph (D), by striking “other” and inserting “land management”;

(3) in paragraph (3), by striking “any State, local unit of government, or local nonprofit organization” and inserting “the designated RC&D council”;

(4) by striking paragraphs (4) through (6) and inserting the following:

“(4)(A) The term ‘financial assistance’ means the Secretary may—

“(i) provide funds directly to RC&D councils or associations of RC&D councils through grants, cooperative agreements, and interagency agreements that directly implement RC&D area plans; and

“(ii) may join with other federal agencies through interagency agreements and other arrangements as needed to carry out the program’s purpose.

“(B) Funds may be used for such things as—

“(i) technical assistance;

“(ii) financial assistance in the form of grants for planning, analysis and feasibility studies, and business plans;

“(iii) training and education; and

“(iv) all costs associated with making such services available to RC&D councils or RC&D associations.

“(5) The term ‘RC&D council’ means the responsible leadership of the RC&D area. RC&D councils and associations are non-profit entities whose members are volunteers and include local civic and elected officials. Affiliations of RC&D councils are formed in states and regions.”;

(5) in paragraph (8), by inserting “and federally recognized Indian tribes” before the period;

(6) in paragraph (9), by striking “works of improvement” and inserting “projects”;

(7) by redesignating paragraphs (7) through (9) as paragraphs (6) through (8), respectively; and

(8) by striking paragraph (10) and inserting the following:

“(9) The term ‘project’ means any action taken by a designated RC&D council that achieves any of the elements identified under paragraph (1).”.

(c) **ESTABLISHMENT AND SCOPE.**—Section 1530 of such Act (16 U.S.C. 3453) is amended—

(1) by striking the section heading and all that follows through “Sec. 1530. The Secretary” and inserting the following:

**“SEC. 1530. ESTABLISHMENT AND SCOPE.**

“The Secretary”; and

(2) by striking “the technical and financial assistance necessary to permit such States, local units of government, and local nonprofit organizations” and inserting “through designated RC&D councils the technical and financial assistance necessary to permit such RC&D Councils”.

(d) **SELECTION OF DESIGNATED AREAS.**—Section 1531 of such Act (16 U.S.C. 3454) is amended by striking the section heading and all that follows through “Sec. 1531. The Secretary” and inserting the following:

**“SEC. 1531. SELECTION OF DESIGNATED AREAS.**

“The Secretary”.

(e) **AUTHORITY OF SECRETARY.**—Section 1532 of such Act (16 U.S.C. 3455) is amended—

(1) by striking the section heading and all that follows through “Sec. 1532. In carrying” and inserting the following:

**“SEC. 1532. AUTHORITY OF SECRETARY.**

“In carrying”;

(2) in each of paragraphs (1) and (3)—

(A) by striking “State, local unit of government, or local nonprofit organization” and inserting “RC&D council”; and

(B) by inserting “RC&D council” before “area plan”;

(3) in paragraph (2), by inserting “RC&D council” before “area plans”; and

(4) in paragraph (4), by striking “States, local units of government, and local nonprofit organizations” and inserting “RC&D councils or affiliations of RC&D councils”.

(f) TECHNICAL AND FINANCIAL ASSISTANCE.—Section 1533 of such Act (16 U.S.C. 3456) is amended—

(1) by striking the section heading and all that follows through “Sec. 1533.

(a) Technical” and inserting the following:

**“SEC. 1533. TECHNICAL AND FINANCIAL ASSISTANCE.**

“(a) Technical”;

(2) in subsection (a)—

(A) by striking “State, local unit of government, or local nonprofit organization to assist in carrying out works of improvement specified in an” and inserting “RC&D councils or affiliations of RC&D councils to assist in carrying out a project specified in a RC&D council”;

(B) in paragraph (1)—

(i) by striking “State, local unit of government, or local nonprofit organization” and inserting “RC&D council or affiliate”; and

(ii) by striking “works of improvement” each place it appears and inserting “project”;

(C) in paragraph (2)—

(i) by striking “works of improvement” and inserting “project”; and

(ii) by striking “State, local unit of government, or local nonprofit organization” and inserting “RC&D council”;

(C) in paragraph (3), by striking “works of improvement” and all that follows and inserting “project concerned is necessary to accomplish and RC&D council area plan objective”;

(D) in paragraph (4), by striking “the works of improvement provided for in the” and inserting “the project provided for in the RC&D council”;

(E) in paragraph (5), by inserting “federally recognized Indian tribe” before “or local” each place it appears; and

(F) in paragraph (6), by inserting “RC&D council” before “area plan”;

(3) in subsection (b), by striking “works of improvement” and inserting “project”; and

(4) in subsection (c), by striking “any State, local unit of government, or local nonprofit organization to carry out any” and inserting “RC&D council to carry out any RC&D council”.

(g) RESOURCE CONSERVATION AND DEVELOPMENT POLICY BOARD.—Section 1534(b) of such Act (16 U.S.C. 3457(b)) is amended—

(1) by striking the section heading and all that follows through “Sec. 1534.

(a) The Secretary” and inserting the following:

**“SEC. 1534. RESOURCE CONSERVATION AND DEVELOPMENT POLICY BOARD.**

“(a) The Secretary”; and

(2) by striking “seven”.

(h) PROGRAM EVALUATION.—Section 1535 of such Act (16 U.S.C. 3458) is amended—

(1) by striking the section heading and all that follows through “Sec. 1535. The Secretary” and inserting the following:

**“SEC. 1535. PROGRAM EVALUATION.**

“The Secretary”;

(2) by inserting “with assistance from RC&D councils” before “provided”;

(3) by inserting “federally recognized Indian tribes,” before “local units”; and

(4) by striking “1986” and inserting “2007”.

(i) LIMITATION ON ASSISTANCE.—Section 1536 of such Act (16 U.S.C. 3458) is amended by striking the section heading and all that follows through “Sec. 1536. The program” and inserting the following:

**“SEC. 1536. LIMITATION ON ASSISTANCE.**

“The program”.

(j) SUPPLEMENTAL AUTHORITY OF THE SECRETARY.—Section 1537 of such Act (16 U.S.C. 3460) is amended—

(1) by striking the section heading and all that follows through “SEC. 1537. The authority” and inserting the following:

**“SEC. 1537. SUPPLEMENTAL AUTHORITY OF SECRETARY.**

“The authority”; and

(2) by striking “States, local units of government, and local nonprofit organizations” and inserting “RC&D councils”.

(i) AUTHORIZATION OF APPROPRIATIONS.—Section 1538 of such Act (16 U.S.C. 3461) is amended—

(1) by striking the section heading and all that follows through “SEC. 1538. There are” and inserting the following:

**“SEC. 1537. AUTHORIZATION OF APPROPRIATIONS.**

“There are”; and

(2) by striking “for each of the fiscal years 1996 through 2002”.

**SEC. 274. GRASSLAND RESERVE PROGRAM.**

Chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830–3837f) is amended by adding at the end the following:

**“Subchapter D—Grassland Reserve Program**

**“SEC. 1238. GRASSLAND RESERVE PROGRAM.**

“(a) ESTABLISHMENT.—The Secretary, acting through the Farm Service Agency, shall establish a grassland reserve program (referred to in this subchapter as the ‘program’) to assist owners in restoring and conserving eligible land described in subsection (c).

“(b) ENROLLMENT CONDITIONS.—

“(1) MAXIMUM ENROLLMENT.—The total number of acres enrolled in the program shall not exceed 2,000,000 acres, not more than 1,000,000 of which shall be restored grassland, and not more than 1,000,000 of which shall be virgin (never cultivated) grassland.

“(2) METHODS OF ENROLLMENT.—The Secretary shall enroll in the program for a willing owner not less than 100 contiguous acres of land west of the 90th meridian or not less than 50 contiguous acres of land east of the 90th meridian through 10-year, 15-year, or 20-year contracts.

“(c) ELIGIBLE LAND.—Land shall be eligible to be enrolled in the program if the Secretary determines that—

“(1) the land is natural grass or shrubland; or

“(2) the land—

“(A) is located in an area that has been historically dominated by natural grass or shrubland; and

“(B) has potential to serve as habitat for animal or plant populations of significant ecological value if the land is restored to natural grass or shrubland.

**“SEC. 1238A. CONTRACTS AND AGREEMENTS.**

“(a) REQUIREMENTS OF LANDOWNER.—To be eligible to enroll land in the program, the owner of the land shall—

“(1) agree to comply with the terms of the contract and related restoration agreements; and

“(2) agree to the suspension of any existing cropland base and allotment history for the land under any program administered by the Secretary.

“(b) TERMS OF CONTRACT.—A contract under subsection (a) shall—

“(1) permit—

“(A) common grazing practices on the land in a manner that is consistent with maintaining the viability of natural grass and shrub species indigenous to that locality;

“(B) haying, mowing, or haying for seed production, except that such uses shall not be permitted until after the end of the nesting season for birds in the local area which are in significant decline or are conserved pursuant to State or Federal law, as determined by the Natural Resources Conservation Service State conservationist; and

“(C) construction of fire breaks and fences, including placement of the posts necessary for fences;

“(2) prohibit—

“(A) the production of any agricultural commodity (other than hay); and

“(B) unless allowed under subsection (d), the conduct of any other activity that would disturb the surface of the land covered by the contract; and

“(3) include such additional provisions as the Secretary determines are appropriate to carry out or facilitate the administration of this subchapter.

“(c) RANKING CONTRACT APPLICATIONS.—

“(1) ESTABLISHMENT OF CRITERIA.—The Secretary shall establish criteria to evaluate and rank applications for contracts under this subchapter.

“(2) EMPHASIS.—In establishing the criteria, the Secretary shall emphasize support for native grass and shrubland, grazing operations, and plant and animal biodiversity.

“(d) RESTORATION AGREEMENTS.—The Secretary shall prescribe the terms by which grassland that is subject to a contract under the program shall be restored. The agreement shall include duties of the land owner and the Secretary, including the Federal share of restoration payments and technical assistance.

“(e) VIOLATIONS.—On the violation of the terms or conditions of a contract or restoration agreement entered into under this section—

“(1) the contract shall remain in force; and

“(2) the Secretary may require the owner to refund all or part of any payments received by the owner under this subchapter, with interest on the payments as determined appropriate by the Secretary.

**“SEC. 1238B. DUTIES OF SECRETARY.**

“(a) IN GENERAL.—In return for the granting of a contract by an owner under this subchapter, the Secretary shall make contract payments and payments of the Federal share of restoration and provide technical assistance to the owner in accordance with this section.

“(b) CONTRACT PAYMENTS.—In return for the granting of contract by an owner under this subchapter, the Secretary shall make annual contract payments to the owner in an amount that is not more than 75 percent of the grazing value of the land.

“(c) FEDERAL SHARE OF RESTORATION.—The Secretary shall make payments to the owner of not more than—

“(1) in the case of virgin (never cultivated) grassland, 90 percent of the costs of carrying out measures and practices necessary to restore grassland functions and values; or

“(2) in the case of restored grassland, 75 percent of such costs.

“(d) TECHNICAL ASSISTANCE.—A landowner who is receiving a benefit under this subchapter shall be eligible to receive technical assistance in accordance with section 1243(d) to assist the owner or operator in carrying out a contract entered into under this subchapter.

“(e) PAYMENTS TO OTHERS.—If an owner who is entitled to a payment under this subchapter dies, becomes incompetent, is otherwise unable to receive the payment, or is succeeded by another person who renders or completes the required performance, the Secretary shall make the payment, in accordance with regulations promulgated by the Secretary and without regard to any other provision of law, in such manner as the Secretary determines is fair and reasonable in light of all the circumstances.”.

**SEC. 275. FARMLAND STEWARDSHIP PROGRAM.**

Subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830–3839bb) is amended by inserting after chapter 1 (and the matter added by section 274 of this Act) the following:

**“CHAPTER 2—FARMLAND STEWARDSHIP PROGRAM**

**“SEC. 1239. DEFINITIONS.**

“In this chapter:

“(1) AGREEMENT.—The terms ‘farmland stewardship agreement’ and ‘agreement’ mean a stewardship contract authorized by this chapter.

“(2) CONTRACTING AGENCY.—The term ‘contracting agency’ means a local conservation district, resource conservation and development council, local office of the Department of Agriculture, other participating government agency, or other nongovernmental organization that is designated by the Secretary to enter into farmland stewardship agreements on behalf of the Secretary.

“(3) ELIGIBLE AGRICULTURAL LANDS.—The term ‘eligible agricultural lands’ means private lands that are in primarily native or natural condition or are classified as cropland, pastureland, grazing lands, timberlands, or other lands as specified by the Secretary that—

“(A) contain wildlife habitat, wetlands, or other natural resources; or

“(B) provide benefits to the public at large, such as—

“(i) conservation of soil, water, and related resources;

“(ii) water quality protection or improvement;

“(iii) control of invasive and exotic species;

“(iv) wetland restoration, protection, and creation; and

- “(v) wildlife habitat development and protection;
- “(vi) preservation of open spaces, or prime, unique, or other productive farm lands; and
- “(vii) and other similar conservation purposes.

“(4) FARMLAND STEWARDSHIP PROGRAM; PROGRAM.—The terms ‘Farmland Stewardship Program’ and ‘Program’ mean the conservation program of the Department of Agriculture established by this chapter.

**“SEC. 1239A. ESTABLISHMENT AND PURPOSE OF PROGRAM.**

“(a) ESTABLISHMENT.—The Secretary shall establish a conservation program of the Department of Agriculture, to be known as the Farmland Stewardship Program, that is designed to more precisely tailor and target existing conservation programs to the specific conservation needs and opportunities presented by individual parcels of eligible agricultural lands.

“(b) RELATION TO OTHER CONSERVATION PROGRAMS.—Under the Farmland Stewardship Program, the Secretary may implement, or combine together, the features of—

- “(1) the Wetlands Reserve Program;
- “(2) the Wildlife Habitat Incentives Program;
- “(3) the Forest Land Enhancement Program;
- “(4) the Farmland Protection Program; or
- “(5) other conservation programs administered by other Federal agencies and State and local government entities, where feasible and with the consent of the administering agency or government.

**“(c) FUNDING SOURCES.—**

“(1) IN GENERAL.—The Farmland Stewardship Program and agreements under the Program shall be funded by the Secretary using—

- “(A) the funding authorities of the conservation programs that are implemented in whole, or in part, through the use of agreements or easements; and

“(B) such funds as are provided to carry out the programs specified in paragraphs (1) through (4) of subsection (b).

“(2) COST-SHARING.—It shall be a requirement of the Farmland Stewardship Program that the majority of the funds to carry out the Program must come from other existing conservation programs, which may be Federal, State, regional, local, or private, that are combined into and made a part of an agreement, or from matching funding contributions made by State, regional, or local agencies and divisions of government or from private funding sources.

“(d) PERSONNEL COSTS.—The Secretary may use the Natural Resources Conservation Service to carry out the Farmland Stewardship Program.

“(e) TECHNICAL ASSISTANCE.—An owner or operator who is receiving a benefit under this chapter shall be eligible to receive technical assistance in accordance with section 1243(d) to assist the owner or operator in carrying out a contract entered into under this chapter.

**“SEC. 1239B. USE OF FARMLAND STEWARDSHIP AGREEMENTS.**

“(a) AGREEMENTS AUTHORIZED.—The Secretary shall carry out the Farmland Stewardship Program by entering into stewardship contracts as determined by the Secretary, to be known as farmland stewardship agreements, with the owners or operators of eligible agricultural lands to maintain and protect for the natural and agricultural resources on the lands.

“(b) BASIC PURPOSES.—An agreement with the owner or operator of eligible agricultural lands shall be used—

- “(1) to negotiate a mutually agreeable set of guidelines, practices, and procedures under which conservation practices will be provided by the owner or operator to protect, maintain, and, where possible, improve, the natural resources on the lands covered by the agreement in return for annual payments to the owner or operator;

“(2) to implement a conservation program or series of programs where there is no such program or to implement conservation management activities where there is no such activity; and

“(3) to expand conservation practices and resource management activities to a property where it is not possible at the present time to negotiate or reach agreement on a public purchase of a fee-simple or less-than-fee interest in the property for conservation purposes.

“(c) MODIFICATION OF OTHER CONSERVATION PROGRAM ELEMENTS.—If most, but not all, of the limitations, conditions, and requirements of a conservation program that is implemented in whole, or in part, through the Farmland Stewardship Program are met with respect to a parcel of eligible agricultural lands, and the purposes to be achieved by the agreement to be entered into for such lands are con-

sistent with the purposes of the conservation program, then the Secretary may waive any remaining limitations, conditions, or requirements of the conservation program that would otherwise prohibit or limit the agreement.

“(d) STATE AND LOCAL CONSERVATION PRIORITIES.—To the maximum extent practicable, agreements shall address the conservation priorities established by the State and locality in which the eligible agricultural lands are located.

“(e) WATERSHED ENHANCEMENT.—To the extent practicable, the Secretary shall encourage the development of Farmland Stewardship Program applications on a watershed basis.

**“SEC. 1239C. PARTNERSHIP APPROACH TO PROGRAM.**

“(a) AUTHORITY OF SECRETARY EXERCISED THROUGH PARTNERSHIPS.—The Secretary may administer agreements under the Farmland Stewardship Program in partnership with other Federal, State, and local agencies whose programs are incorporated into the Program under section 1239A.

“(b) DESIGNATION AND USE OF CONTRACTING AGENCIES.—Subject to subsection (c), the Secretary may authorize a local conservation district, resource conservation & development district, nonprofit organization, or local office of the Department of Agriculture or other participating government agency to enter into and administer agreements under the Program as a contracting agency on behalf of the Secretary.

“(c) CONDITIONS ON DESIGNATION.—The Secretary may designate an eligible district or office as a contracting agency under subsection (b) only if the district or office—

“(1) submits a written request for such designation to the Secretary;

“(2) affirms that it is willing to follow all guidelines for executing and administering an agreement, as promulgated by the Secretary;

“(3) demonstrates to the satisfaction of the Secretary that it has established working relationships with owners and operators of eligible agricultural lands, and based on the history of these working relationships, demonstrates that it has the ability to work with owners and operators of eligible agricultural lands in a cooperative manner;

“(4) affirms its responsibility for preparing all documentation for the agreement, negotiating its terms with an owner or operator, monitoring compliance, making annual reports to the Secretary, and administering the agreement throughout its full term; and

“(5) demonstrates to the satisfaction of the Secretary that it has or will have the necessary staff resources and expertise to carry out its responsibilities under paragraphs (3) and (4).

**“SEC. 1239D. PARTICIPATION OF OWNERS AND OPERATORS OF ELIGIBLE AGRICULTURAL LANDS.**

“(a) APPLICATION AND APPROVAL PROCESS.—To participate in the Farmland Stewardship Program, an owner or operator of eligible agricultural lands shall—

“(1) submit to the Secretary an application indicating interest in the Program and describing the owner’s or operator’s property, its resources, and their ecological and agricultural values;

“(2) submit to the Secretary a list of services to be provided, a management plan to be implemented, or both, under the proposed agreement;

“(3) if the application and list are accepted by the Secretary, enter into an agreement that details the services to be provided, management plan to be implemented, or both, and requires compliance with the other terms of the agreement.

“(b) APPLICATION ON BEHALF OF AN OWNER OR OPERATOR.—A designated contracting agency may submit the application required by subsection (a) on behalf of an owner or operator by if the contracting agency has secured the consent of the owner or operator to enter into an agreement.”.

**SEC. 276. SMALL WATERSHED REHABILITATION PROGRAM.**

Section 14(h) of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1012(h)) is amended—

(1) by adding “and” at the end of paragraph (1); and

(2) by striking all that follows paragraph (1) and inserting the following:

“(2) \$15,000,000 for fiscal year 2002 and each succeeding fiscal year.”.

## Subtitle I—Availability of Funds

### SEC. 281. AVAILABILITY OF FUNDS APPROPRIATED PURSUANT TO THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT.

Section 6 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590f) is amended—

- (1) in the 1st undesignated paragraph, by inserting “(a)” before “There”;
- (2) in the 2nd undesignated paragraph, by inserting “(b)” before “Appropriations”; and
- (3) by adding at the end the following:  
“(c) Funds made available to carry out the purposes of this Act may be used, to the extent determined by the Secretary of Agriculture to be necessary, by the agency of the Department of Agriculture to which the funds are appropriated, to provide technical assistance to owners and operators of land to achieve the objectives of any conservation program administered by the Secretary of Agriculture.”.

## Subtitle J—Repeals

### SEC. 291. PROVISIONS OF THE FOOD SECURITY ACT OF 1985.

(a) WETLANDS MITIGATION BANKING PROGRAM.—Section 1222 of the Food Security Act of 1985 (16 U.S.C. 3822) is amended by striking subsection (k).

(b) PAYMENT LIMITATIONS UNDER THE CONSERVATION RESERVE PROGRAM.—Section 1234(f) of such Act (16 U.S.C. 3837d(c)) is amended by striking paragraph (3).

(c) BASE HISTORY PROVISION.—

(1) REPEAL.—Section 1236 of such Act (16 U.S.C. 3836) is repealed.

(2) CONFORMING AMENDMENT.—Section 1232(a)(5) of such Act (16 U.S.C. 3832(a)(5)) is amended by striking “in addition to the remedies provided under section 1236(d).”.

(d) PAYMENT LIMITATIONS UNDER THE WETLANDS RESERVE PROGRAM.—Section 1237D(c) of such Act (16 U.S.C. 3837d(c)) is amended by striking paragraph (3).

(e) ENVIRONMENTAL EASEMENT PROGRAM.—

(1) REPEAL.—Chapter 3 of subtitle D of title XII of such Act (16 U.S.C. 3839–3839d) is repealed.

(2) CONFORMING AMENDMENT.—Section 1243(a)(3) of such Act (16 U.S.C. 3843(a)(3)) is amended by striking “or 3”.

(f) CONSERVATION FARM OPTION.—Chapter 5 of subtitle D of title XII of such Act (16 U.S.C. 3839bb) is repealed.

(g) TREE PLANTING INITIATIVE.—Section 1256 of such Act (16 U.S.C. 2101 note) is repealed.

### SEC. 292. NATIONAL NATURAL RESOURCES CONSERVATION FOUNDATION ACT.

Subtitle F of title III of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 5801–5809) is repealed.

## TITLE III—TRADE

### SEC. 301. MARKET ACCESS PROGRAM.

(a) IN GENERAL.—Section 211(c)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)(1)) is amended—

(1) by striking “and not more” and inserting “not more”;

(2) by inserting “and not more than \$200,000,000 for each of fiscal years 2002 through 2011,” after “2002”; and

(3) by striking “2002” and inserting “2001”.

(b) COMMODITY ELIGIBILITY.—Section 1302(b)(3) of the Agricultural Reconciliation Act of 1993 (7 U.S.C. 5623 note) is amended by inserting “, other than leaf tobacco” after “tobacco”.

### SEC. 302. FOOD FOR PROGRESS.

(a) IN GENERAL.—Subsections (f)(3), (g), (k), and (l)(1) of section 1110 of the Food Security Act of 1985 (7 U.S.C. 1736o) are each amended by striking “2002” and inserting “2011”.

(b) INCREASE IN FUNDING.—Section 1110(l)(1) of the Food Security Act of 1985 (7 U.S.C. 1736o(l)(1)) is amended by striking “fiscal year 1999” and inserting “fiscal years 2002 through 2011”.

(c) EXCLUSION FROM LIMITATION.—Section 1110(e)(2) of the Food Security Act of 1985 (& U.S.C. 1736o(e)(2)) is amended by inserting “, and subsection (g) does not



apply to such commodities furnished on a grant basis or on credit terms under title I of the Agricultural Trade Development Act of 1954” before the final period.

(d) TRANSPORTATION COSTS.—Section 1110(f)(3) of the Food Security Act of 1985 (7 U.S.C. 1736o) is amended by striking “\$30,000,000” and inserting “\$35,000,000”.

(e) MULTIYEAR BASIS.—Section 1110(j) of the Food Security Act of 1985 (7 U.S.C. 1736o(j)) is amended—

- (1) by striking “may” and inserting “is encouraged”; and
- (2) by inserting “to” before “approved”.

(f) NEW PROVISIONS.—Section 1110 of the Food Security Act of 1985 (7 U.S.C. 1736o) is amended by adding at the end the following:

“(p) The Secretary is encouraged to finalize program agreements and resource requests for programs under this section before the beginning of the relevant fiscal year. By November 1 of the relevant fiscal year, the Secretary shall provide to the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a list of approved programs, countries, and commodities, and the total amounts of funds approved for transportation and administrative costs, under this section.”.

#### SEC. 303. EXPORT ENHANCEMENT PROGRAM.

Section 301(e)(1)(G) of the Agricultural Trade Act of 1978 (7 U.S.C. 5651(e)(1)(G)) is amended by inserting “and for each fiscal year thereafter through fiscal year 2011” after “2002”.

#### SEC. 304. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.

(a) IN GENERAL.—Section 703 of the Agricultural Trade Act of 1978 (7 U.S.C. 5723) is amended—

- (1) by inserting “(a) PRIOR YEARS.—”;
- (1) by striking “2002” and inserting “2001”; and
- (2) by adding at the end the following new subsection:

“(b) FISCAL 2002 AND LATER.—For each of fiscal years 2002 through 2011 there are authorized to be appropriated such sums as may be necessary to carry out this title, and, in addition to any sums so appropriated, the Secretary shall use \$35,000,000 of the funds of, or an equal value of the commodities of, the Commodity Credit Corporation to carry out this title.”.

(b) VALUE ADDED PRODUCTS.—

(1) IN GENERAL.—Section 702(a) of the Agricultural Trade Act of 1978 (7 U.S.C. 5721 et seq.) is amended by inserting “, with a significant emphasis on the importance of the export of value-added United States agricultural products into emerging markets” after “products”.

(2) REPORT TO CONGRESS.—Section 702 of the Agricultural Trade Act of 1978 (7 U.S.C. 5722) is amended by adding at the end the following:

“(c) REPORT TO CONGRESS.—The Secretary shall report annually to Congress the amount of funding provided, types of programs funded, the value added products that have been targeted, and the foreign markets for those products that have been developed.”.

#### SEC. 305. EXPORT CREDIT GUARANTEE PROGRAM.

(a) REAUTHORIZATION.—Section 211(b)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(b)(1)) is amended by striking “2002” and inserting “2011”.

(b) PROCESSED AND HIGH VALUE PRODUCTS.—Section 202(k)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5622(k)(1)) is amended by striking “, 2001, and 2002” and inserting “through 2011”.

#### SEC. 306. FOOD FOR PEACE (PL 480).

The Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) is amended—

- (1) in section 204(a), by striking “2002” each place it appears and inserting “2011”;
- (2) in section 208(f), by striking “2002” and inserting “2011”;
- (3) in section 407(c)(4), by striking “2001 and 2002” and inserting “2001 through 2011”;
- (4) in section 408, by striking “2002” and inserting “2011”; and
- (5) in section 501(c), by striking “2002” and inserting “2011”.

#### SEC. 307. EMERGING MARKETS.

Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5622n) is amended in subsections (a) and (d)(1)(A)(i), by striking “2002” and inserting “2011”.

**SEC. 308. BILL EMERSON HUMANITARIAN TRUST.**

Subsections (b)(2)(i), (h)(1), and (h)(2) of section 302 of the Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f-1) are each amended by striking “2002” and inserting “2011”.

**SEC. 309. TECHNICAL ASSISTANCE FOR SPECIALTY CROPS.**

(a) **ESTABLISHMENT.**—The Secretary of Agriculture shall establish an export assistance program (referred to in this section as the “program”) to address unique barriers that prohibit or threaten the export of United States specialty crops.

(b) **PURPOSE.**—The program shall provide direct assistance through public and private sector projects and technical assistance to remove, resolve, or mitigate sanitary and phytosanitary and related barriers to trade.

(c) **PRIORITY.**—The program shall address time sensitive and strategic market access projects based on—

(1) trade effect on market retention, market access, and market expansion;

and

(2) trade impact.

(d) **FUNDING.**—The Secretary shall make available \$3,000,000 for each of fiscal years 2002 through 2011 of the funds of, or an equal value of commodities owned by, the Commodity Credit Corporation.

## **TITLE IV—NUTRITION PROGRAMS**

### **Subtitle A—Food Stamp Program**

**SEC. 401. SIMPLIFIED DEFINITION OF INCOME.**

Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended—

(1) in paragraph (3)—

(A) by striking “and (C)” and inserting “(C)”; and

(B) by inserting after “premiums,” the following:

“(D) to the extent that any other educational loans on which payment is deferred, grants, scholarships, fellowships, veterans’ educational benefits, and the like, are required to be excluded under title XIX of the Social Security Act, the state agency may exclude it under this subsection,”;

(2) by striking “and (15)” and inserting “(15)”; and

(3) by inserting before the period at the end the following:

“; (16) any state complementary assistance program payments that are excluded pursuant to subsections (a) and (b) of section 1931 of title XIX of the Social Security Act; and (17) at the option of the State agency, any types of income that the State agency does not consider when determining eligibility for cash assistance under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u-1), except that this paragraph shall not authorize a State agency to exclude earned income, payments under title I, II, IV, X, XIV, or XVI of the Social Security Act, or such other types of income whose consideration the Secretary determines essential to equitable determinations of eligibility and benefit levels except to the extent that those types of income may be excluded under other paragraphs of this subsection”.

**SEC. 402. STANDARD DEDUCTION.**

Section 5(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(1)) is amended—

(1) by striking “of \$134, \$229, \$189, \$269, and \$118” and inserting “equal to 9.7 percent of the eligibility limit established under section 5(c)(1) for fiscal year 2002 but not more than 9.7 percent of the eligibility limit established under section 5(c)(1) for a household of six for fiscal year 2002 nor less than \$134, \$229, \$189, \$269, and \$118”; and

(2) by inserting before the period at the end the following:

“, except that the standard deduction for Guam shall be determined with reference to 2 times the eligibility limits under section 5(c)(1) for fiscal year 2002 for the 48 contiguous states and the District of Columbia”.

**SEC. 403. TRANSITIONAL FOOD STAMPS FOR FAMILIES MOVING FROM WELFARE.**

(a) **IN GENERAL.**—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

“(s) **TRANSITIONAL BENEFITS OPTION.**—

“(1) **IN GENERAL.**—A State may provide transitional food stamp benefits to a household that is no longer eligible to receive cash assistance under a State pro-

gram funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

“(2) TRANSITIONAL BENEFITS PERIOD.—Under paragraph (1), a household may continue to receive food stamp benefits for a period of not more than 6 months after the date on which cash assistance is terminated.

“(3) AMOUNT.—During the transitional benefits period under paragraph (2), a household shall receive an amount equal to the allotment received in the month immediately preceding the date on which cash assistance is terminated. A household receiving benefits under this subsection may apply for recertification at any time during the transitional benefit period. If a household reapplies, its allotment shall be determined without regard to this subsection for all subsequent months.

“(4) DETERMINATION OF FUTURE ELIGIBILITY.—In the final month of the transitional benefits period under paragraph (2), the State agency may—

“(A) require a household to cooperate in a redetermination of eligibility to receive an authorization card; and

“(B) renew eligibility for a new certification period for the household without regard to whether the previous certification period has expired.

“(5) LIMITATION.—A household sanctioned under section 6, or for a failure to perform an action required by Federal, State, or local law relating to such cash assistance program, shall not be eligible for transitional benefits under this subsection.”

(b) CONFORMING AMENDMENTS.—(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by adding at the end the following: “The limits in this section may be extended until the end of any transitional benefit period established under section 11(s).”.

(2) Section 6(c) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)) is amended by striking “No household” and inserting “Except in a case in which a household is receiving transitional benefits during the transitional benefits period under section 11(s), no household”.

#### SEC. 404. QUALITY CONTROL SYSTEMS.

(a) TARGETED QUALITY CONTROL SYSTEM.—Section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) is amended—

(1) in paragraph (1)(C)—

(A) in the matter preceding clause (i), by inserting “the Secretary determines that a 95 percent statistical probability exists that for the 3d consecutive year” after “year in which”; and

(B) in clause (i)(II)(aa)(bbb) by striking “the national performance measure for the fiscal year” and inserting “10 percent”;

(2) in the 1st sentence of paragraph (4)—

(A) by striking “or claim” and inserting “claim”; and

(B) by inserting “or performance under the measures established under paragraph (10),” after “for payment error.”;

(3) in paragraph (5), by inserting “to comply with paragraph (10) and” before “to establish”;

(4) in the 1st sentence of paragraph (6), by inserting “one percentage point more than” after “measure that shall be”; and

(5) by inserting at the end the following:

“(10)(A) In addition to the measures established under paragraph (1), the Secretary shall measure the performance of State agencies in each of the following regards—

“(i) compliance with the deadlines established under paragraphs (3) and (9) of section 11(e); and

“(ii) the percentage of negative eligibility decisions that are made correctly.

“(B) For each fiscal year, the Secretary shall make excellence bonus payments of \$1,000,000 each to the 5 States with the highest combined performance in the 2 measures in subparagraph (A) and to the 5 States whose combined performance under the 2 measures in subparagraph (A) most improved in such fiscal year.

“(C) For any fiscal year in which the Secretary determines that a 95 percent statistical probability exists that a State agency’s performance with respect to any of the 2 performance measures established in subparagraph (A) is substantially worse than a level the Secretary deems reasonable, other than for good cause shown, the Secretary shall investigate that State agency’s administration of the food stamp program. If this investigation determines that the State’s administration has been deficient, the Secretary shall require the State agency to take prompt corrective action.”.

(b) IMPLEMENTATION.—The amendment made by subsection (a)(5) shall apply to all fiscal years beginning on or after October 1, 2001, and ending before October 1,

2007. All other amendments made by this section shall apply to all fiscal years beginning on or after October 1, 1999.

**SEC. 405. SIMPLIFIED APPLICATION AND ELIGIBILITY DETERMINATION SYSTEMS.**

Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by inserting at the end the following:

“(l) The Secretary shall expend up to \$10 million in each fiscal year to pay 100 percent of the costs of State agencies to develop and implement simple application and eligibility determination systems.”.

**SEC. 406. AUTHORIZATION OF APPROPRIATIONS.**

(a) **EMPLOYMENT AND TRAINING PROGRAMS.**—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is amended—

(1) in subparagraph (A)(vii) by striking “fiscal year 2002” and inserting “each of the fiscal years 2003 through 2011”; and

(2) in subparagraph (B) by striking “2002” and inserting “2011”.

(b) **COST ALLOCATION.**—Section 16(k)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(3)) is amended—

(1) in subparagraph (A) by striking “2002” and inserting “2011”; and

(2) in subparagraph (B)(ii) by striking “2002” and inserting “2011”.

(c) **CASH PAYMENT PILOT PROJECTS.**—Section 17(b)(1)(B)(vi) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(vi)) is amended by striking “2002” and inserting “2011”.

(d) **OUTREACH DEMONSTRATION PROJECTS.**—Section 17(i)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(i)(1)(A)) is amended by striking “1992 through 2002” and inserting “2003 through 2011”.

(e) **AUTHORIZATION OF APPROPRIATIONS.**—Section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by striking “1996 through 2002” and inserting “2003 through 2011”.

(f) **PUERTO RICO.**—Section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended—

(1) in clause (ii) by striking “and” at the end;

(2) in clause (iii) by adding “and” at the end; and

(3) by inserting after clause (iii) the following:

“(iv) for each of fiscal years 2003 through 2011, the amount equal to the amount required to be paid under this subparagraph for the preceding fiscal year, as adjusted by the percentage by which the thrifty food plan is adjusted under section 3(o)(4) for the current fiscal year for which the amount is determined under this clause;”.

(g) **TERRITORY OF AMERICAN SAMOA.**—Section 24 of the Food Stamp Act of 1977 (7 U.S.C. 2033) is amended by striking “1996 through 2002” and inserting “2003 through 2011”.

(h) **ASSISTANCE FOR COMMUNITY FOOD PROJECTS.**—Section 25(b)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2034(b)(2)) is amended—

(1) in subparagraph (A) by striking “and” at the end;

(2) in subparagraph (B)—

(A) by striking “2002” and inserting “2001”; and

(B) by adding “and” at the end; and

(3) by inserting after subparagraph (B) the following:

“(C) \$7,500,000 for each of the fiscal years 2002 through 2011.”.

(i) **AVAILABILITY OF COMMODITIES FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.**—Section 27 of the Food Stamp Act of 1977 (7 U.S.C. 2036) is amended—

(1) in subsection (a)—

(A) by striking “1997 through 2002” and inserting “2002 through 2011”; and

(B) by striking “\$100,000,000” and inserting “\$140,000,000”; and

(2) by adding at the end the following:

“(c) **USE OF FUNDS FOR RELATED COSTS.**—For each of the fiscal years 2002 through 2011, the Secretary shall use \$10,000,000 of the funds made available under subsection (a) to pay for the direct and indirect costs of the States related to the processing, storing, transporting, and distributing to eligible recipient agencies of commodities purchased by the Secretary under such subsection and commodities secured from other sources, including commodities secured by gleaning (as defined in section 111 of the Hunger Prevention Act of 1988 (7 U.S.C. 612c note)).”.

(j) **SPECIAL EFFECTIVE DATE.**—The amendments made by subsections (h) and (i) shall take effect of October 1, 2001.

## Subtitle B—Commodity Distribution

### SEC. 441. DISTRIBUTION OF SURPLUS COMMODITIES TO SPECIAL NUTRITION PROJECTS.

Section 1114(a) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e) is amended by striking “2002” and inserting “2011”.

### SEC. 442. COMMODITY SUPPLEMENTAL FOOD PROGRAM.

The Agriculture and Consumer Protection Act of 1975 (7 U.S.C. 612c note) is amended—

- (1) in section 4(a) by striking “1991 through 2002” and inserting “2003 through 2011”; and
- (2) in subsections (a)(2) and (d)(2) of section 5 by striking “1991 through 2002” and inserting “2003 through 2011”.

### SEC. 443. EMERGENCY FOOD ASSISTANCE.

The 1st sentence of section 204(a)(1) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)(1)) is amended—

- (1) by striking “1991 through 2002” and inserting “2003 through 2011”;
- (2) by striking “administrative”, and
- (3) by inserting “storage,” after “processing,”.

## Subtitle C—Miscellaneous Provisions

### SEC. 461. HUNGER FELLOWSHIP PROGRAM.

(a) SHORT TITLE; FINDINGS.—

(1) SHORT TITLE.—This section may be cited as the “Congressional Hunger Fellows Act of 2001”.

(2) FINDINGS.—The Congress finds as follows:

(A) There is a critical need for compassionate individuals who are committed to assisting people who suffer from hunger as well as a need for such individuals to initiate and administer solutions to the hunger problem.

(B) Bill Emerson, the distinguished late Representative from the 8th District of Missouri, demonstrated his commitment to solving the problem of hunger in a bipartisan manner, his commitment to public service, and his great affection for the institution and the ideals of the United States Congress.

(C) George T. (Mickey) Leland, the distinguished late Representative from the 18th District of Texas, demonstrated his compassion for those in need, his high regard for public service, and his lively exercise of political talents.

(D) The special concern that Mr. Emerson and Mr. Leland demonstrated during their lives for the hungry and poor was an inspiration for others to work toward the goals of equality and justice for all.

(E) These 2 outstanding leaders maintained a special bond of friendship regardless of political affiliation and worked together to encourage future leaders to recognize and provide service to others, and therefore it is especially appropriate to honor the memory of Mr. Emerson and Mr. Leland by creating a fellowship program to develop and train the future leaders of the United States to pursue careers in humanitarian service.

(b) ESTABLISHMENT.—There is established as an independent entity of the legislative branch of the United States Government the Congressional Hunger Fellows Program (hereinafter in this section referred to as the “Program”).

(c) BOARD OF TRUSTEES.—

(1) IN GENERAL.—The Program shall be subject to the supervision and direction of a Board of Trustees.

(2) MEMBERS OF THE BOARD OF TRUSTEES.—

(A) APPOINTMENT.—The Board shall be composed of 6 voting members appointed under clause (i) and 1 nonvoting ex officio member designated in clause (ii) as follows:

(i) VOTING MEMBERS.—(I) The Speaker of the House of Representatives shall appoint 2 members.

(II) The minority leader of the House of Representatives shall appoint 1 member.

(III) The majority leader of the Senate shall appoint 2 members.

(IV) The minority leader of the Senate shall appoint 1 member.

(ii) NONVOTING MEMBER.—The Executive Director of the program shall serve as a nonvoting ex officio member of the Board.

- (B) TERMS.—Members of the Board shall serve a term of 4 years.
- (C) VACANCY.—
- (i) AUTHORITY OF BOARD.—A vacancy in the membership of the Board does not affect the power of the remaining members to carry out this section.
  - (ii) APPOINTMENT OF SUCCESSORS.—A vacancy in the membership of the Board shall be filled in the same manner in which the original appointment was made.
  - (iii) INCOMPLETE TERM.—If a member of the Board does not serve the full term applicable to the member, the individual appointed to fill the resulting vacancy shall be appointed for the remainder of the term of the predecessor of the individual.
- (D) CHAIRPERSON.—As the first order of business of the first meeting of the Board, the members shall elect a Chairperson.
- (E) COMPENSATION.—
- (i) IN GENERAL.—Subject to clause (ii), members of the Board may not receive compensation for service on the Board.
  - (ii) TRAVEL.—Members of the Board may be reimbursed for travel, subsistence, and other necessary expenses incurred in carrying out the duties of the program.
- (3) DUTIES.—
- (A) BYLAWS.—
- (i) ESTABLISHMENT.—The Board shall establish such bylaws and other regulations as may be appropriate to enable the Board to carry out this section, including the duties described in this paragraph.
  - (ii) CONTENTS.—Such bylaws and other regulations shall include provisions—
    - (I) for appropriate fiscal control, funds accountability, and operating principles;
    - (II) to prevent any conflict of interest, or the appearance of any conflict of interest, in the procurement and employment actions taken by the Board or by any officer or employee of the Board and in the selection and placement of individuals in the fellowships developed under the program;
    - (III) for the resolution of a tie vote of the members of the Board; and
    - (IV) for authorization of travel for members of the Board.
  - (iii) TRANSMITTAL TO CONGRESS.—Not later than 90 days after the date of the first meeting of the Board, the Chairperson of the Board shall transmit to Congress a copy of such bylaws.
- (B) BUDGET.—For each fiscal year the program is in operation, the Board shall determine a budget for the program for that fiscal year. All spending by the program shall be pursuant to such budget unless a change is approved by the Board.
- (C) PROCESS FOR SELECTION AND PLACEMENT OF FELLOWS.—The Board shall review and approve the process established by the Executive Director for the selection and placement of individuals in the fellowships developed under the program.
- (D) ALLOCATION OF FUNDS TO FELLOWSHIPS.—The Board of Trustees shall determine the priority of the programs to be carried out under this section and the amount of funds to be allocated for the Emerson and Leland fellowships.
- (d) PURPOSES; AUTHORITY OF PROGRAM.—
- (1) PURPOSES.—The purposes of the program are—
- (A) to encourage future leaders of the United States to pursue careers in humanitarian service, to recognize the needs of people who are hungry and poor, and to provide assistance and compassion for those in need;
  - (B) to increase awareness of the importance of public service; and
  - (C) to provide training and development opportunities for such leaders through placement in programs operated by appropriate organizations or entities.
- (2) AUTHORITY.—The program is authorized to develop such fellowships to carry out the purposes of this section, including the fellowships described in paragraph (3).
- (3) FELLOWSHIPS.—
- (A) IN GENERAL.—The program shall establish and carry out the Bill Emerson Hunger Fellowship and the Mickey Leland Hunger Fellowship.
  - (B) CURRICULUM.—

- (i) IN GENERAL.—The fellowships established under subparagraph (A) shall provide experience and training to develop the skills and understanding necessary to improve the humanitarian conditions and the lives of individuals who suffer from hunger, including—
    - (I) training in direct service to the hungry in conjunction with community-based organizations through a program of field placement; and
    - (II) experience in policy development through placement in a governmental entity or nonprofit organization.
  - (ii) FOCUS OF BILL EMERSON HUNGER FELLOWSHIP.—The Bill Emerson Hunger Fellowship shall address hunger and other humanitarian needs in the United States.
  - (iii) FOCUS OF MICKEY LELAND HUNGER FELLOWSHIP.—The Mickey Leland Hunger Fellowship shall address international hunger and other humanitarian needs.
  - (iv) WORKPLAN.—To carry out clause (i) and to assist in the evaluation of the fellowships under paragraph (4), the program shall, for each fellow, approve a work plan that identifies the target objectives for the fellow in the fellowship, including specific duties and responsibilities related to those objectives.
- (C) PERIOD OF FELLOWSHIP.—
- (i) EMERSON FELLOW.—A Bill Emerson Hunger Fellowship awarded under this paragraph shall be for no more than 1 year.
  - (ii) LELAND FELLOW.—A Mickey Leland Hunger Fellowship awarded under this paragraph shall be for no more than 2 years.
- (D) SELECTION OF FELLOWS.—
- (i) IN GENERAL.—A fellowship shall be awarded pursuant to a nationwide competition established by the program.
  - (ii) QUALIFICATION.—A successful applicant shall be an individual who has demonstrated—
    - (I) an intent to pursue a career in humanitarian service and outstanding potential for such a career;
    - (II) a commitment to social change;
    - (III) leadership potential or actual leadership experience;
    - (IV) diverse life experience;
    - (V) proficient writing and speaking skills; and
    - (VI) an ability to live in poor or diverse communities.
  - (iii) AMOUNT OF AWARD.—
    - (I) IN GENERAL.—Each individual awarded a fellowship under this paragraph shall receive a living allowance and, subject to subclause (II), an end-of-service award as determined by the program.
    - (II) REQUIREMENT FOR SUCCESSFUL COMPLETION OF FELLOWSHIP.—Each individual awarded a fellowship under this paragraph shall be entitled to receive an end-of-service award at an appropriate rate for each month of satisfactory service as determined by the Executive Director.
  - (iv) RECOGNITION OF FELLOWSHIP AWARD.—
    - (I) EMERSON FELLOW.—An individual awarded a fellowship from the Bill Emerson Hunger Fellowship shall be known as an “Emerson Fellow”.
    - (II) LELAND FELLOW.—An individual awarded a fellowship from the Mickey Leland Hunger Fellowship shall be known as a “Leland Fellow”.
- (4) EVALUATION.—The program shall conduct periodic evaluations of the Bill Emerson and Mickey Leland Hunger Fellowships. Such evaluations shall include the following:
- (A) An assessment of the successful completion of the work plan of the fellow.
  - (B) An assessment of the impact of the fellowship on the fellows.
  - (C) An assessment of the accomplishment of the purposes of the program.
  - (D) An assessment of the impact of the fellow on the community.
- (e) TRUST FUND.—
- (1) ESTABLISHMENT.—There is established the Congressional Hunger Fellows Trust Fund (hereinafter in this section referred to as the “Fund”) in the Treasury of the United States, consisting of amounts appropriated to the Fund under subsection (i), amounts credited to it under paragraph (3), and amounts received under subsection (g)(3)(A).
  - (2) INVESTMENT OF FUNDS.—The Secretary of the Treasury shall invest the full amount of the Fund. Each investment shall be made in an interest bearing

obligation of the United States or an obligation guaranteed as to principal and interest by the United States that, as determined by the Secretary in consultation with the Board, has a maturity suitable for the Fund.

(3) RETURN ON INVESTMENT.—Except as provided in subsection (f)(2), the Secretary of the Treasury shall credit to the Fund the interest on, and the proceeds from the sale or redemption of, obligations held in the Fund.

(f) EXPENDITURES; AUDITS.—

(1) IN GENERAL.—The Secretary of the Treasury shall transfer to the program from the amounts described in subsection (e)(3) and subsection (g)(3)(A) such sums as the Board determines are necessary to enable the program to carry out the provisions of this section.

(2) LIMITATION.—The Secretary may not transfer to the program the amounts appropriated to the Fund under subsection (i).

(3) USE OF FUNDS.—Funds transferred to the program under paragraph (1) shall be used for the following purposes:

(A) STIPENDS FOR FELLOWS.—To provide for a living allowance for the fellows.

(B) TRAVEL OF FELLOWS.—To defray the costs of transportation of the fellows to the fellowship placement sites.

(C) INSURANCE.—To defray the costs of appropriate insurance of the fellows, the program, and the Board.

(D) TRAINING OF FELLOWS.—To defray the costs of preservice and midservice education and training of fellows.

(E) SUPPORT STAFF.—Staff described in subsection (g).

(F) AWARDS.—End-of-service awards under subsection (d)(3)(D)(iii)(II).

(G) ADDITIONAL APPROVED USES.—For such other purposes that the Board determines appropriate to carry out the program.

(4) AUDIT BY GAO.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct an annual audit of the accounts of the program.

(B) BOOKS.—The program shall make available to the Comptroller General all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the program and necessary to facilitate such audit.

(C) REPORT TO CONGRESS.—The Comptroller General shall submit a copy of the results of each such audit to the Congress.

(g) STAFF; POWERS OF PROGRAM.—

(1) EXECUTIVE DIRECTOR.—

(A) IN GENERAL.—The Board shall appoint an Executive Director of the program who shall administer the program. The Executive Director shall carry out such other functions consistent with the provisions of this section as the Board shall prescribe.

(B) RESTRICTION.—The Executive Director may not serve as Chairperson of the Board.

(C) COMPENSATION.—The Executive Director shall be paid at a rate not to exceed the rate of basic pay payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(2) STAFF.—

(A) IN GENERAL.—With the approval of a majority of the Board, the Executive Director may appoint and fix the pay of additional personnel as the Executive Director considers necessary and appropriate to carry out the functions of the provisions of this section.

(B) COMPENSATION.—An individual appointed under subparagraph (A) shall be paid at a rate not to exceed the rate of basic pay payable for level GS-15 of the General Schedule.

(3) POWERS.—In order to carry out the provisions of this section, the program may perform the following functions:

(A) GIFTS.—The program may solicit, accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the program. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Fund and shall be available for disbursement upon order of the Board.

(B) EXPERTS AND CONSULTANTS.—The program may procure temporary and intermittent services under section 3109 of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the maximum annual rate of basic pay payable for GS-15 of the General Schedule.

(C) CONTRACT AUTHORITY.—The program may contract, with the approval of a majority of the members of the Board, with and compensate Govern-



ment and private agencies or persons without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(D) OTHER NECESSARY EXPENDITURES.—The program shall make such other expenditures which the program considers necessary to carry out the provisions of this section, but excluding project development.

(h) REPORT.—Not later than December 31 of each year, the Board shall submit to Congress a report on the activities of the program carried out during the previous fiscal year, and shall include the following:

(1) An analysis of the evaluations conducted under subsection (d)(4) (relating to evaluations of the Emerson and Leland fellowships and accomplishment of the program purposes) during that fiscal year.

(2) A statement of the total amount of funds attributable to gifts received by the program in that fiscal year (as authorized under subsection (g)(3)(A)), and the total amount of such funds that were expended to carry out the program that fiscal year.

(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated \$18,000,000 to carry out the provisions of this section.

**SEC. 462. GENERAL EFFECTIVE DATE.**

Except as otherwise provided in this title, the amendments made by this title shall take effect on October 1, 2002.

## **TITLE V—CREDIT**

**SEC. 501. ELIGIBILITY OF LIMITED LIABILITY COMPANIES FOR FARM OWNERSHIP LOANS, FARM OPERATING LOANS, AND EMERGENCY LOANS.**

(a) Sections 302(a), 311(a), and 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922(a), 1941(a), and 1961(a)) are each amended by striking “and joint operations” each place it appears and inserting “joint operations, and limited liability companies”.

(b) Section 321(a) of such Act (7 U.S.C. 1961(a)) is amended by striking “or joint operations” each place it appears and inserting “joint operations, or limited liability companies”.

**SEC. 502. SUSPENSION OF LIMITATION ON PERIOD FOR WHICH BORROWERS ARE ELIGIBLE FOR GUARANTEED ASSISTANCE.**

During the period beginning January 1, 2002, and ending December 31, 2006, section 319(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1949(b)) shall have no force or effect.

**SEC. 503. ADMINISTRATION OF CERTIFIED LENDERS AND PREFERRED CERTIFIED LENDERS PROGRAMS.**

(a) IN GENERAL.—Section 331(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981(b)) is amended—

(1) by redesignating paragraphs (2) through (9) as paragraphs (3) through (10), respectively; and

(2) by inserting after paragraph (1) the following:

“(2) administer the loan guarantee program under section 339(c) through central offices established in States or in multi-State areas;”.

(b) CONFORMING AMENDMENT.—Section 331(c) of such Act (7 U.S.C. 1981(c)) is amended by striking “(b)(5)” and inserting “(b)(6)”.

**SEC. 504. SIMPLIFIED LOAN GUARANTEE APPLICATION AVAILABLE FOR LOANS OF GREATER AMOUNTS.**

Section 333A(g)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983a(g)(1)) is amended by striking “\$50,000” and inserting “\$150,000”.

**SEC. 505. ELIMINATION OF REQUIREMENT THAT SECRETARY REQUIRE COUNTY COMMITTEES TO CERTIFY IN WRITING THAT CERTAIN LOAN REVIEWS HAVE BEEN CONDUCTED.**

Section 333 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983) is amended by striking paragraph (2) and redesignating paragraphs (3) through (5) as paragraphs (2) through (4), respectively.

**SEC. 506. AUTHORITY TO REDUCE PERCENTAGE OF LOAN GUARANTEED IF BORROWER INCOME IS INSUFFICIENT TO SERVICE DEBT.**

Section 339 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1989) is amended—

(1) in subsection (c)(4)(A), by inserting “, except that the Secretary may guarantee such lesser percentage as the Secretary determines appropriate of such a loan if the income of the borrower is less than the income necessary to meet the requirements of subsection (b)” before the period; and

(2) in subsection (d)(4)(A), by inserting “, except that the Secretary may guarantee such lesser percentage as the Secretary determines appropriate of such a loan if the income of the borrower is less than the income necessary to meet the requirements of subsection (b)” before the semicolon.

**SEC. 507. TIMING OF LOAN ASSESSMENTS.**

Section 360(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006b(a)) is amended by striking “After an applicant is determined eligible for assistance under this title by the appropriate county committee established pursuant to section 332, the” and inserting “The”.

**SEC. 508. MAKING AND SERVICING OF LOANS BY PERSONNEL OF STATE, COUNTY, OR AREA COMMITTEES.**

(a) **IN GENERAL.**—Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981–2008j) is amended by adding at the end the following:

**“SEC. 376. MAKING AND SERVICING OF LOANS BY PERSONNEL OF STATE, COUNTY, OR AREA COMMITTEES.**

“The Secretary shall employ personnel of a State, county or area committee established under section 8(b)(5) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)(5)) to make and service loans under this title to the extent the personnel have been trained to do so.”.

(b) **INAPPLICABILITY OF FINALITY RULE.**—Section 281(a)(1) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7001(a)(1)) is amended by inserting “, except functions performed pursuant to section 376 of the Consolidated Farm and Rural Development Act” before the period.

**SEC. 509. ELIGIBILITY OF EMPLOYEES OF STATE, COUNTY, OR AREA COMMITTEE FOR LOANS AND LOAN GUARANTEES.**

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981–2008j) is further amended by adding at the end the following:

**“SEC. 377. ELIGIBILITY OF EMPLOYEES OF STATE, COUNTY, OR AREA COMMITTEE FOR LOANS AND LOAN GUARANTEES.**

“The Secretary shall not prohibit an employee of a State, county or area committee established under section 8(b)(5) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)(5)) or an employee of the Department of Agriculture from obtaining a loan or loan guarantee under subtitle A, B or C of this title if an office of the Department of Agriculture other than the office in which the employee is located determines that the employee is otherwise eligible for the loan or loan guarantee.”.

**SEC. 510. EMERGENCY LOANS IN RESPONSE TO AN ECONOMIC EMERGENCY RESULTING FROM QUARANTINES AND SHARPLY INCREASING ENERGY COSTS.**

(a) **LOAN AUTHORITY.**—Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended—

(1) in each of the 1st and 3rd sentences—

(A) by striking “a natural disaster in the United States or by” and inserting “a quarantine imposed by the Secretary under the Plant Protection Act or the animal quarantine laws (as defined in section 2509 of the Food, Agriculture, Conservation, and Trade Act of 1990), an economic emergency resulting from sharply increasing energy costs as described in section 329(b), a natural disaster in the United States, or”; and

(B) by inserting “Robert T. Stafford” before “Disaster Relief and Emergency Assistance Act”; and

(2) in the 4th sentence—

(A) by striking “a natural disaster” and inserting “such a quarantine, economic emergency, or natural disaster”; and

(B) by striking “by such natural disaster” and inserting “by such quarantine, economic emergency, or natural disaster”.

(b) **CONFORMING AMENDMENT.**—Section 323 of such Act (7 U.S.C. 1963) is amended—

(1) by inserting “quarantine,” before “natural disaster”; and

(2) by inserting “referred to in section 321(a), including, notwithstanding any other provision of this title, an economic emergency resulting from sharply increasing energy costs as described in section 329(b)” after “emergency”.

(c) **SHARPLY INCREASING ENERGY COSTS.**—Section 329 of such Act (7 U.S.C. 1969) is amended—

(1) by striking all that precedes “Secretary shall” and inserting the following:

**“SEC. 329. LOSS CONDITIONS.**

“(a) **IN GENERAL.**—Except as provided in subsection (b), the”; and

(2) by adding after and below the end the following:

“(b) **LOSS RESULTING FROM SHARPLY INCREASING ENERGY COSTS.**—The Secretary shall make financial assistance under this subtitle available to any applicant seeking assistance based on an income loss resulting from sharply increasing energy costs referred to in section 323 if—

“(1) the price of electricity, gasoline, diesel fuel, natural gas, propane, or other equivalent fuel during any 3-month period is at least 50 percent greater than the average price of the same form of energy during the preceding 5 years, as determined by the Secretary; and

“(2) the income loss of the applicant is directly related to expenses incurred to prevent livestock mortality, the degradation of a perishable agricultural commodity, or damage to a field crop.”.

(d) **MAXIMUM AMOUNT OF LOAN.**—Section 324(a) of such Act (7 U.S.C. 1964(a)) is amended—

(1) by striking “or” at the end of paragraph (1);

(2) by striking the period at the end of paragraph (2) and inserting a semicolon; and

(3) by adding at the end the following:

“(3) in the case of a loan made in response to a quarantine referred to in section 321, exceeds \$500,000; or

“(4) in the case of a loan made in response to an economic emergency referred to in section 321, exceeds \$200,000.”.

**SEC. 511. EXTENSION OF AUTHORITY TO CONTRACT FOR SERVICING OF FARMER PROGRAM LOANS.**

Section 331(d) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981(d)) is amended—

(1) in the heading by striking “TEMPORARY”; and

(2) in paragraph (5), by striking “2002” and inserting “2011”.

**SEC. 512. AUTHORIZATION FOR LOANS.**

Section 346(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)(1)) is amended by striking “not more than the following amounts:” and all that follows and inserting “such sums as may be necessary.”.

**SEC. 513. RESERVATION OF FUNDS FOR DIRECT OPERATING LOANS FOR BEGINNING FARMERS AND RANCHERS.**

Section 346(b)(2)(A)(ii)(III) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)(2)(A)(ii)(III)) is amended by striking “2000 through 2002” and inserting “2002 through 2011”.

**SEC. 514. EXTENSION OF INTEREST RATE REDUCTION PROGRAM.**

Section 351(a)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999(a)(2)) is amended by striking “2002” and inserting “2011”.

**SEC. 515. INCREASE IN DURATION OF LOANS UNDER DOWN PAYMENT LOAN PROGRAM.**

(a) **IN GENERAL.**—Section 310E(b)(3) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1935(b)(3)) is amended by striking “10” and inserting “15”.

(b) **CONFORMING AMENDMENT.**—Section 310E(c)(3)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1935(c)(3)(B)) is amended by striking “10-year” and inserting “15-year”.

**SEC. 516. HORSE BREEDER LOANS.**

(a) **DEFINITION OF HORSE BREEDER.**—In this section, the term “horse breeder” means a person that, as of the date of the enactment of this Act, derives more than 70 percent of the income of the person from the business of breeding, boarding, raising, training, or selling horses, during the shorter of—

(1) the 5-year period ending on January 1, 2001; or

(2) the period the person has been engaged in the business.

(b) **LOAN AUTHORIZATION.**—The Secretary shall make a loan to an eligible horse breeder to assist the breeder for losses suffered as a result of mare reproductive loss syndrome.

(c) **ELIGIBILITY.**—A horse breeder shall be eligible for a loan under this section if the Secretary determines that, as a result of mare reproductive loss syndrome—

(1) during the period beginning January 1, 2000, and ending October 1, 2000, or during the period beginning January 1, 2001, and ending October 1, 2001—

(A) 30 percent or more of the mares owned by the breeder failed to conceive, miscarried, aborted, or otherwise failed to produce a live healthy foal; or

(B) 30 percent or more of the mares boarded on a farm owned, operated, or leased by the breeder failed to conceive, miscarried, aborted, or otherwise failed to produce a live healthy foal;

(2) during the period beginning January 1, 2000, and ending on September 30, 2002, the breeder was unable to meet the financial obligations, or pay the ordinary and necessary expenses, of the breeder incurred in connection with breeding, boarding, raising, training, or selling horses; and

(3) the breeder is not able to obtain sufficient credit elsewhere (within the meaning of section 321(a) of the Consolidated Farm and Rural Development Act).

(d) AMOUNT.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall determine the amount of a loan to be made to a horse breeder under this section, on the basis of the amount of losses suffered by the breeder, and the financial needs of the breeder, as a result of mare reproductive loss syndrome.

(2) MAXIMUM AMOUNT.—The amount of a loan made under this section shall not exceed \$500,000.

(e) TERM.—

(1) IN GENERAL.—Subject to paragraph (2), the term for repayment of a loan made to a horse breeder under this section shall be determined by the Secretary based on the ability of the breeder to repay the loan.

(2) MAXIMUM TERM.—The term of a loan made under this section shall not exceed 15 years.

(f) INTEREST RATE.—Interest shall be payable on a loan made under this section, at the rate prescribed under section 324(b)(1) of the Consolidated Farm and Rural Development Act.

(g) SECURITY.—Security shall be required on a loan made under this section, in accordance with section 324(d) of the Consolidated Farm and Rural Development Act.

(h) APPLICATION.—To be eligible to obtain a loan under this section, a horse breeder shall submit to the Secretary an application for the loan not later than September 30, 2002.

(i) FUNDING.—The Secretary shall carry out this section using funds available for emergency loans under subtitle C of the Consolidated Farm and Rural Development Act.

(j) TERMINATION.—The authority provided by this section shall terminate on September 30, 2003.

**SEC. 517. SUNSET OF DIRECT LOAN PROGRAMS UNDER THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT.**

(a) IN GENERAL.—Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981–2008j) is amended by inserting after section 344 the following:

**“SEC. 345. SUNSET OF DIRECT LOAN PROGRAMS.**

“(a) IN GENERAL.—Except as provided in subsection (b), beginning 5 years after the date of the enactment of this section, the Secretary may not make a direct loan under section 302 or 311.

“(b) EXCEPTIONS.—Subsection (a) shall not apply to any authority to make direct loans to youths, qualified beginning farmers or ranchers, or members of socially disadvantaged groups.

“(c) NO EFFECT ON EXISTING CONTRACTS.—Subsection (a) shall not be construed to permit the violation of any contract entered into before the 5-year period described in subsection (a).”.

(b) EVALUATIONS OF DIRECT AND GUARANTEED LOAN PROGRAMS.—

(1) STUDIES.—The Secretary of Agriculture shall conduct 2 studies of the direct and guaranteed loan programs under sections 302 and 311 of the Consolidated Farm and Rural Development Act, each of which shall include an examination of the number, average principal amount, and delinquency and default rates of loans provided or guaranteed during the period covered by the study.

(2) PERIODS COVERED.—

(A) FIRST STUDY.—1 study under paragraph (1) shall cover the 1-year period that begins 1 year after the date of the enactment of this section.

(B) SECOND STUDY.—1 study under paragraph (1) shall cover the 1-year period that begins 3 years after such date of enactment.

(3) REPORTS TO THE CONGRESS.—At the end of the period covered by a study under this subsection, the Secretary of Agriculture shall submit to the Congress a report that contains an evaluation of the results of the study, including an analysis of the effectiveness of loan programs referred to in paragraph (1) in meeting the credit needs of agricultural producers in an efficient and fiscally responsible manner.

**SEC. 518. DEFINITION OF DEBT FORGIVENESS.**

Section 343(a)(12)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(12)(B)) is amended to read as follows:

“(B) EXCEPTIONS.—The term ‘debt forgiveness’ does not include—

“(i) consolidation, rescheduling, reamortization, or deferral of a loan;

or

“(ii) any write-down provided as a part of a resolution of a discrimination complaint against the Secretary.”.

**SEC. 519. LOAN ELIGIBILITY FOR BORROWERS WITH PRIOR DEBT FORGIVENESS.**

Section 373(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008h(b)(1)) is amended to read as follows:

“(1) PROHIBITIONS.—Except as provided in paragraph (2)—

“(A) the Secretary may not make a loan under this title to a borrower who, on more than 2 occasions, received debt forgiveness on a loan made or guaranteed under this title; and

“(B) the Secretary may not guarantee a loan under this title to a borrower who, on more than 3 occasions, received debt forgiveness on a loan made or guaranteed under this title.”.

**SEC. 520. ALLOCATION OF CERTAIN FUNDS FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.**

The last sentence of section 355(c)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(c)(2)) is amended to read as follows: “Any funds reserved and allocated under this paragraph but not used within a State shall, to the extent necessary to satisfy pending applications under this title, be available for use by socially disadvantaged farmers and ranchers in other States, as determined by the Secretary, and any remaining funds shall be reallocated within the State.”.

**SEC. 521. HORSES CONSIDERED TO BE LIVESTOCK UNDER THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT.**

Section 343 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991) is amended by adding at the end the following:

“(c) LIVESTOCK INCLUDES HORSES.—The term ‘livestock’ includes horses.”.

## TITLE VI—RURAL DEVELOPMENT

**SEC. 601. FUNDING FOR RURAL LOCAL TELEVISION BROADCAST SIGNAL LOAN GUARANTEES.**

Section 1011(a) of the Launching Our Communities’ Access to Local Television Act of 2000 (title X of H.R. 5548, as enacted by section 1(a)(2) of Public Law 106-553) is amended by adding at the end the following: “In addition, a total of \$200,000,000 of the funds of the Commodity Credit Corporation shall be available during fiscal years 2002 through 2006, without fiscal year limitation, for loan guarantees under this title.”.

**SEC. 602. EXPANDED ELIGIBILITY FOR VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANTS.**

Section 231(a) of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1621 note) is amended—

(1) by striking paragraph (1) and inserting the following:

“(1) ESTABLISHMENT AND PURPOSES.—In each of fiscal years 2002 through 2011, the Secretary shall use \$50,000,000 of the funds of the Commodity Credit Corporation to award competitive grants—

“(A) to eligible independent producers (as determined by the Secretary) of value-added agricultural commodities and products of agricultural commodities to assist an eligible producer—

“(i) to develop a business plan for viable marketing opportunities for a value-added agricultural commodity or product of an agricultural commodity; or

“(ii) to develop strategies for the ventures that are intended to create marketing opportunities for the producers; and

“(B) to public bodies, institutions of higher learning, and trade associations to assist such entities—

“(i) to develop a business plan for viable marketing opportunities in emerging markets for a value-added agricultural commodity or product of an agricultural commodity; or

“(ii) to develop strategies for the ventures that are intended to create marketing opportunities in emerging markets for the producers.”; and

(2) by striking “producer” each place it appears thereafter and inserting “grantee”.

**SEC. 603. AGRICULTURE INNOVATION CENTER DEMONSTRATION PROGRAM.**

(a) **PURPOSES.**—The purposes of this section are to carry out a demonstration program under which agricultural producers are provided—

(1) technical assistance, including engineering services, applied research, scale production, and similar services to enable the producers to establish businesses for further processing of agricultural products;

(2) marketing, market development, and business planning;

(3) overall organizational, outreach, and development assistance to increase the viability, growth, and sustainability of value-added agricultural businesses.

(b) **NATURE OF PROGRAM.**—The Secretary of Agriculture (in this section referred to as the “Secretary”) shall—

(1) make grants to eligible applicants for the purposes of enabling the applicants to obtain the assistance described in subsection (a); and

(2) provide assistance to eligible applicants through the research and technical services of the Department of Agriculture.

(c) **ELIGIBILITY REQUIREMENTS.**—

(1) **IN GENERAL.**—An applicant shall be eligible for a grant and assistance described in subsection (b) to establish an Agriculture Innovation Center if—

(A) the applicant—

(i) has provided services similar to those described in subsection (a);

or

(ii) shows the capability of providing the services;

(B) the application of the applicant for the grant and assistance sets forth a plan, in accordance with regulations which shall be prescribed by the Secretary, outlining support of the applicant in the agricultural community, the technical and other expertise of the applicant, and the goals of the applicant for increasing and improving the ability of local producers to develop markets and processes for value-added agricultural products;

(C) the applicant demonstrates that resources (in cash or in kind) of definite value are available, or have been committed to be made available, to the applicant, to increase and improve the ability of local producers to develop markets and processes for value-added agricultural products; and

(D) the applicant meets the requirement of paragraph (2).

(2) **BOARD OF DIRECTORS.**—The requirement of this paragraph is that the applicant shall have a board of directors comprised of representatives of the following groups:

(A) The 2 general agricultural organizations with the greatest number of members in the State in which the applicant is located.

(B) The Department of Agriculture or similar State organization or department, for the State.

(C) Organizations representing the 4 highest grossing commodities produced in the State, according to annual gross cash sales.

(d) **GRANTS AND ASSISTANCE.**—

(1) **IN GENERAL.**—Subject to subsection (g), the Secretary shall make annual grants to eligible applicants under this section, each of which grants shall not exceed the lesser of—

(A) \$1,000,000; or

(B) twice the dollar value of the resources (in cash or in kind) that the applicant has demonstrated are available, or have been committed to be made available, to the applicant in accordance with subsection (c)(1)(C).

(2) **INITIAL LIMITATION.**—In the first year of the demonstration program under this section, the Secretary shall make grants under this section, on a competitive basis, to not more than 5 eligible applicants.

(3) **EXPANSION OF DEMONSTRATION PROGRAM.**—In the second year of the demonstration program under this section, the Secretary may make grants under this section to not more than 10 eligible applicants, in addition to any entities to which grants are made under paragraph (2) for such year.

(4) **STATE LIMITATION.**—In the first 3 years of the demonstration program under this section, the Secretary shall not make an Agricultural Innovation Center Demonstration Program grant under this section to more than 1 entity in a single State.

(e) **USE OF FUNDS.**—An entity to which a grant is made under this section may use the grant only for the following purposes, but only to the extent that the use is not described in section 231(d) of the Agricultural Risk Protection Act of 2000:

(1) Applied research.

(2) Consulting services.

(3) Hiring of employees, at the discretion of the board of directors of the entity.

(4) The making of matching grants, each of which shall be not more than \$5,000, to agricultural producers, so long as the aggregate amount of all such matching grants shall be not more than \$50,000.

(5) Legal services.

(f) **RULE OF INTERPRETATION.**—This section shall not be construed to prevent a recipient of a grant under this section from collaborating with any other institution with respect to activities conducted using the grant.

(g) **AVAILABILITY OF FUNDS.**—Of the amount made available under section 231(a)(1) of the Agricultural Risk Protection Act of 2000 (Public Law 106–224; 7 U.S.C. 1621 note), the Secretary shall use to carry out this section—

(1) not less than \$5,000,000 for fiscal year 2002; and

(2) not less than \$10,000,000 for each of the fiscal years 2003 and 2004.

(h) **REPORT ON BEST PRACTICES.**—

(1) **EFFECTS ON THE AGRICULTURAL SECTOR.**—The Secretary shall utilize \$300,000 per year of the funds made available pursuant to this section to support research at any university into the effects of value-added projects on agricultural producers and the commodity markets. The research should systematically examine possible effects on demand for agricultural commodities, market prices, farm income, and Federal outlays on commodity programs using linked, long-term, global projections of the agricultural sector.

(2) **DEPARTMENT OF AGRICULTURE.**—Not later than 3 years after the first 10 grants are made under this section, the Secretary shall prepare and submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate and to the Committee on Agriculture of the House of Representatives a written report on the effectiveness of the demonstration program conducted under this section at improving the production of value-added agricultural products and on the effects of the program on the economic viability of the producers, which shall include the best practices and innovations found at each of the Agriculture Innovation Centers established under the demonstration program under this section, and detail the number and type of agricultural projects assisted, and the type of assistance provided, under this section.

#### **SEC. 604. FUNDING OF COMMUNITY WATER ASSISTANCE GRANT PROGRAM.**

(a) **FUNDING.**—In each of fiscal years 2002 through 2011, the Secretary of Agriculture shall use \$30,000,000 of the funds of the Commodity Credit Corporation to carry out section 306A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926a).

(b) **EXTENSION OF PROGRAM.**—Section 306A(i) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926a(i)) is amended by striking “2002” and inserting “2011”.

(c) **MISCELLANEOUS AMENDMENTS.**—Section 306A of such Act (7 U.S.C. 1926a) is amended—

(1) in the heading by striking **EMERGENCY**;

(2) in subsection (a)(1)—

(A) by striking “after” and inserting “when”; and

(B) by inserting “is imminent” after “communities”; and

(3) in subsection (c), by striking “shall—” and all that follows and inserting “shall be a public or private nonprofit entity.”.

#### **SEC. 605. LOAN GUARANTEES FOR THE FINANCING OF THE PURCHASE OF RENEWABLE ENERGY SYSTEMS.**

Section 4 of the Rural Electrification Act of 1936 (7 U.S.C. 904) is amended—

(1) by inserting “(a)” before “The Secretary”; and

(2) by adding after and below the end the following:

“(b) **LOAN GUARANTEES FOR THE FINANCING OF THE PURCHASE OF RENEWABLE ENERGY SYSTEMS.**—The Secretary may provide a loan guarantee, on such terms and conditions as the Secretary deems appropriate, for the purpose of financing the purchase of a renewable energy system, including a wind energy system and anaerobic digestors for the purpose of energy generation, by any person or individual who is a farmer, a rancher, or an owner of a small business (as defined by the Secretary) that is located in a rural area (as defined by the Secretary). In providing guarantees under this subsection, the Secretary shall give priority to loans used primarily for power generation on a farm, ranch, or small business (as so defined).”.

#### **SEC. 606. LOANS AND LOAN GUARANTEES FOR RENEWABLE ENERGY SYSTEMS.**

Section 310B(a)(3) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(a)(3)) is amended by inserting “and other renewable energy systems including

wind energy systems and anaerobic digestors for the purpose of energy generation” after “solar energy systems”.

**SEC. 607. RURAL BUSINESS OPPORTUNITY GRANTS.**

Section 306(a)(11)(D) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(11)(D)) is amended by striking “2002” and inserting “2011”.

**SEC. 608. GRANTS FOR WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.**

Section 306D(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926d(d)(1)) is amended by striking “and 2002” and inserting “through 2011”.

**SEC. 609. RURAL COOPERATIVE DEVELOPMENT GRANTS.**

Section 310B(e)(9) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)(9)) is amended by striking “2002” and inserting “2011”.

**SEC. 610. NATIONAL RESERVE ACCOUNT OF RURAL DEVELOPMENT TRUST FUND.**

Section 381E(e)(3)(F) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009d(e)(3)(F)) is amended by striking “fiscal year 2002” and inserting “each of the fiscal years 2002 through 2011”.

**SEC. 611. RURAL VENTURE CAPITAL DEMONSTRATION PROGRAM.**

Section 381O(b)(3) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009n(b)(3)) is amended by striking “2002” and inserting “2011”.

**SEC. 612. INCREASE IN LIMIT ON CERTAIN LOANS FOR RURAL DEVELOPMENT.**

Section 310B(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(a)) is amended by striking “\$25,000,000” and inserting “\$100,000,000”.

**SEC. 613. PILOT PROGRAM FOR DEVELOPMENT AND IMPLEMENTATION OF STRATEGIC REGIONAL DEVELOPMENT PLANS.**

(a) DEVELOPMENT.—

(1) SELECTION OF STATES.—The Secretary of Agriculture (in this section referred to as the “Secretary”) shall select 10 States in which to implement strategic regional development plans developed under this subsection.

(2) GRANTS.—

(A) AUTHORITY.—

(i) IN GENERAL.—From the funds made available to carry out this subsection, the Secretary shall make a matching grant to 1 or more entities in each State selected under subsection (a), to develop a strategic regional development plan that provides for rural economic development in a region in the State in which the entity is located.

(ii) PRIORITY.—In making grants under this subsection, the Secretary shall give priority to entities that represent a regional coalition of community-based planning, development, governmental, and business organizations.

(B) TERMS OF MATCH.—In order for an entity to be eligible for a matching grant under this subsection, the entity shall make a commitment to the Secretary to provide funds for the development of a strategic regional development plan of the kind referred to in subparagraph (A) in an amount that is not less than the amount of the matching grant.

(C) LIMITATION.—The Secretary shall not make a grant under this subsection in an amount that exceeds \$150,000.

(3) FUNDING.—

(A) IN GENERAL.—The Secretary shall use \$2,000,000 of the funds of the Commodity Credit Corporation in each of fiscal years 2002 through 2011 to carry out this subsection.

(B) AVAILABILITY.—Funds made available pursuant to subparagraph (A) shall remain available without fiscal year limitation.

(b) STRATEGIC PLANNING IMPLEMENTATION.—

(1) The Secretary shall use the authorities provided in the provisions of law specified in section 793(c)(1)(A)(ii) of the Federal Agriculture Improvement and Reform Act of 1996 to implement the strategic regional development plans developed pursuant to subsection (a) of this section.

(2) FUNDING.—

(A) IN GENERAL.—The Secretary shall use \$13,000,000 of the funds of the Commodity Credit Corporation in each of fiscal years 2002 through 2011 to carry out this subsection.

(B) AVAILABILITY.—Funds made available pursuant to subparagraph (A) shall remain available without fiscal year limitation.

(c) USE OF FUNDS.—The amounts made available under subsections (a) and (b) may be used as the Secretary deems appropriate to carry out any provision of this section.



**SEC. 614. GRANTS TO NONPROFIT ORGANIZATIONS TO FINANCE THE CONSTRUCTION, REFURBISHING, AND SERVICING OF INDIVIDUALLY-OWNED HOUSEHOLD WATER WELL SYSTEMS IN RURAL AREAS FOR INDIVIDUALS WITH LOW OR MODERATE INCOMES.**

(a) **IN GENERAL.**—Subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922–1949) is amended by inserting after section 306D the following:

**“SEC. 306E. GRANTS TO NONPROFIT ORGANIZATIONS TO FINANCE THE CONSTRUCTION, REFURBISHING, AND SERVICING OF INDIVIDUALLY-OWNED HOUSEHOLD WATER WELL SYSTEMS IN RURAL AREAS FOR INDIVIDUALS WITH LOW OR MODERATE INCOMES.**

“(a) **DEFINITION OF ELIGIBLE INDIVIDUAL.**—In this section, the term ‘eligible individual’ means an individual who is a member of a household, the combined income of whose members for the most recent 12-month period for which the information is available, is not more than 100 percent of the median nonmetropolitan household income for the State or territory in which the individual resides, according to the most recent decennial census of the United States.

“(b) **GRANTS.**—The Secretary may make grants to private nonprofit organizations for the purpose of assisting eligible individuals in obtaining financing for the construction, refurbishing, and servicing of individual household water well systems in rural areas that are owned (or to be owned) by the eligible individuals.

“(c) **USE OF FUNDS.**—A grant made under this section may be—

“(1) used, or invested to provide income to be used, to carry out subsection (b); and

“(2) used to pay administrative expenses associated with providing the assistance described in subsection (b).

“(d) **PRIORITY IN AWARDING GRANTS.**—In awarding grants under this section, the Secretary shall give priority to an applicant that has substantial expertise and experience in promoting the safe and productive use of individually-owned household water well systems and ground water.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section takes effect on October 1, 2001.

**SEC. 615. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.**

Subtitle E of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009–2009n) is amended by adding at the end the following:

**“SEC. 381P. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.**

“(a) **RURAL AREA DEFINED.**—In this section, the term ‘rural area’ means such areas as the Secretary may determine.

“(b) **ESTABLISHMENT.**—There is established a National Rural Development Partnership (in this section referred to as the “Partnership”), which shall be composed of—

“(1) the National Rural Development Coordinating Committee established in accordance with subsection (c); and

“(2) State rural development councils established in accordance with subsection (d).

“(c) **NATIONAL RURAL DEVELOPMENT COORDINATING COMMITTEE.**—

“(1) **COMPOSITION.**—The National Rural Development Coordinating Committee (in this section referred to as the “Coordinating Committee”) may be composed of—

“(A) representatives of all Federal departments and agencies with policies and programs that affect or benefit rural areas;

“(B) representatives of national associations of State, regional, local, and tribal governments and intergovernmental and multi-jurisdictional agencies and organizations;

“(C) national public interest groups; and

“(D) other national nonprofit organizations that elect to participate in the activities of the Coordinating Committee.

“(2) **FUNCTIONS.**—The Coordinating Committee may—

“(A) provide support for the work of the State rural development councils established in accordance with subsection (d); and

“(B) develop and facilitate strategies to reduce or eliminate conflicting or duplicative administrative and regulatory impediments confronting rural areas.

“(d) **STATE RURAL DEVELOPMENT COUNCILS.**—

“(1) **COMPOSITION.**—A State rural development council may—

“(A) be composed of representatives of Federal, State, local, and tribal governments, and nonprofit organizations, the private sector, and other entities committed to rural advancement; and

“(B) have a nonpartisan and nondiscriminatory membership that is broad and representative of the economic, social, and political diversity of the State.

“(2) FUNCTIONS.—A State rural development council may—

“(A) facilitate collaboration among Federal, State, local, and tribal governments and the private and non-profit sectors in the planning and implementation of programs and policies that affect the rural areas of the State, and to do so in such a way that provides the greatest degree of flexibility and innovation in responding to the unique needs of the State and the rural areas; and

“(B) in conjunction with the Coordinating Committee, develop and facilitate strategies to reduce or eliminate conflicting or duplicative administrative and regulatory impediments confronting the rural areas of the State.

“(e) ADMINISTRATION OF THE PARTNERSHIP.—The Secretary may provide for any additional support staff to the Partnership as the Secretary determines to be necessary to carry out the duties of the Partnership.

“(f) TERMINATION.—The authority provided by this section shall terminate on the date that is 5 years after the date of the enactment of this section.”.

**SEC. 616. ELIGIBILITY OF RURAL EMPOWERMENT ZONES, RURAL ENTERPRISE COMMUNITIES, AND CHAMPION COMMUNITIES FOR DIRECT AND GUARANTEED LOANS FOR ESSENTIAL COMMUNITY FACILITIES.**

Section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1)) is amended by inserting after the 1st sentence the following: “The Secretary may also make or insure loans to communities that have been designated as rural empowerment zones or rural enterprise communities pursuant to part I of subchapter U of chapter 1 of the Internal Revenue Code of 1986, as rural enterprise communities pursuant to section 766 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999, or as champion communities (as determined by the Secretary), to provide for the installation or improvement of essential community facilities including necessary related equipment, and to furnish financial assistance or other aid in planning projects for such purposes.”.

**SEC. 617. GRANTS TO TRAIN FARM WORKERS IN NEW TECHNOLOGIES AND TO TRAIN FARM WORKERS IN SPECIALIZED SKILLS NECESSARY FOR HIGHER VALUE CROPS.**

(a) IN GENERAL.—The Secretary of Agriculture may make a grant to a nonprofit organization with the capacity to train farm workers, or to a consortium of non-profit organizations, agribusinesses, State and local governments, agricultural labor organizations, and community-based organizations with that capacity.

(b) USE OF FUNDS.—An entity to which a grant is made under this section shall use the grant to train farm workers to use new technologies and develop specialized skills for agricultural development.

(c) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—For grants under this section, there are authorized to be appropriated to the Secretary of Agriculture not more than \$10,000,000 for each of fiscal years 2002 through 2011.

**SEC. 618. LOAN GUARANTEES FOR THE PURCHASE OF STOCK IN A FARMER COOPERATIVE SEEKING TO MODERNIZE OR EXPAND.**

Section 310B(g)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(g)(2)) is amended by striking “start-up” and all that follows and inserting “capital stock of a farmer cooperative established for an agricultural purpose.”.

**SEC. 619. INTANGIBLE ASSETS AND SUBORDINATED UNSECURED DEBT REQUIRED TO BE CONSIDERED IN DETERMINING ELIGIBILITY OF FARMER-OWNED COOPERATIVE FOR BUSINESS AND INDUSTRY GUARANTEED LOAN.**

Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by adding at the end the following:

“(h) INTANGIBLE ASSETS AND SUBORDINATED UNSECURED DEBT REQUIRED TO BE CONSIDERED IN DETERMINING ELIGIBILITY OF FARMER-OWNED COOPERATIVE FOR BUSINESS AND INDUSTRY GUARANTEED LOAN.—In determining whether a cooperative organization owned by farmers is eligible for a guaranteed loan under subsection (a)(1), the Secretary may consider the value of the intangible assets and subordinated unsecured debt of the cooperative organization.”.

**SEC. 620. BAN ON LIMITING ELIGIBILITY OF FARMER COOPERATIVE FOR BUSINESS AND INDUSTRY LOAN GUARANTEE BASED ON POPULATION OF AREA IN WHICH COOPERATIVE IS LOCATED.**

Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is further amended by adding at the end of the following:

“(i) SPECIAL RULES APPLICABLE TO FARMER COOPERATIVES UNDER THE BUSINESS AND INDUSTRY LOAN PROGRAM.—In determining whether a cooperative organization

owned by farmers is eligible for a guaranteed loan under subsection (a)(1), the Secretary shall not apply any lending restriction based on population to the area in which the cooperative organization is located.”.

## **TITLE VII—RESEARCH AND RELATED MATTERS**

### **Subtitle A—Extensions**

#### **SEC. 700. MARKET EXPANSION RESEARCH.**

Section 1436(b)(3)(C) of the Food Security Act of 1985 (7 U.S.C. 1632(b)(3)(C)) is amended by striking “1990” and inserting “2011”.

#### **SEC. 701. NATIONAL RURAL INFORMATION CENTER CLEARINGHOUSE.**

Section 2381(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125b(e)) is amended by striking “2002” and inserting “2011”.

#### **SEC. 702. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.**

Section 1417(l) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(l)) is amended by striking “2002” and inserting “2011”.

#### **SEC. 703. POLICY RESEARCH CENTERS.**

Section 1419A(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3155(d)) is amended by striking “2002” and inserting “2011”.

#### **SEC. 704. HUMAN NUTRITION INTERVENTION AND HEALTH PROMOTION RESEARCH PROGRAM.**

Section 1424(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174(d)) is amended by striking “2002” and inserting “2011”.

#### **SEC. 705. PILOT RESEARCH PROGRAM TO COMBINE MEDICAL AND AGRICULTURAL RESEARCH.**

Section 1424A(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174a(d)) is amended by striking “2002” and inserting “2011”.

#### **SEC. 706. NUTRITION EDUCATION PROGRAM.**

Section 1425(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175(c)(3)) is amended by striking “2002” and inserting “2011”.

#### **SEC. 707. CONTINUING ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS.**

Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) is amended by striking “2002” and inserting “2011”.

#### **SEC. 708. APPROPRIATIONS FOR RESEARCH ON NATIONAL OR REGIONAL PROBLEMS.**

Section 1434(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(a)) is amended by striking “2002” and inserting “2011”.

#### **SEC. 709. GRANTS TO UPGRADE AGRICULTURAL AND FOOD SCIENCES FACILITIES AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY.**

Section 1447(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b(b)) is amended by striking “2002” and inserting “2011”.

#### **SEC. 710. NATIONAL RESEARCH AND TRAINING CENTENNIAL CENTERS AT 1890 LAND-GRANT INSTITUTIONS.**

Sections 1448(a)(1) and (f) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222c(a)(1) and (f)) are amended by striking “2002” each place it appears and inserting “2011”.

#### **SEC. 711. HISPANIC-SERVING INSTITUTIONS.**

Section 1455(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3241(c)) is amended by striking “2002” and inserting “2011”.

**SEC. 712. COMPETITIVE GRANTS FOR INTERNATIONAL AGRICULTURAL SCIENCE AND EDUCATION PROGRAMS.**

Section 1459A(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3292b(c)) is amended by striking “2002” and inserting “2011”.

**SEC. 713. UNIVERSITY RESEARCH.**

Subsections (a) and (b) of section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(a) and (b)) are amended by striking “2002” each place it appears and inserting “2011”.

**SEC. 714. EXTENSION SERVICE.**

Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking “2002” and inserting “2011”.

**SEC. 715. SUPPLEMENTAL AND ALTERNATIVE CROPS.**

Section 1473D(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d(a)) is amended by striking “2002” and inserting “2011”.

**SEC. 716. AQUACULTURE RESEARCH FACILITIES.**

The first sentence of section 1477 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324) is amended by striking “2002” and inserting “2011”.

**SEC. 717. RANGELAND RESEARCH.**

Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is amended by striking “2002” and inserting “2011”.

**SEC. 718. NATIONAL GENETICS RESOURCES PROGRAM.**

Section 1635(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5844(b)) is amended by striking “1995” and inserting “2011”.

**SEC. 719. HIGH-PRIORITY RESEARCH AND EXTENSION INITIATIVES.**

Section 1672(h) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925(h)) is amended by striking “2002” and inserting “2011”.

**SEC. 720. NUTRIENT MANAGEMENT RESEARCH AND EXTENSION INITIATIVE.**

Section 1672A(g) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925a(g)) is amended by striking “2002” and inserting “2011”.

**SEC. 721. AGRICULTURAL TELECOMMUNICATIONS PROGRAM.**

Section 1673(h) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5926(h)) is amended by striking “2002” and inserting “2011”.

**SEC. 722. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION REVOLVING FUND.**

(a) **AUTHORIZATION OF APPROPRIATIONS.**—Section 1664(g)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5908(g)(1)) is amended by striking “2002” and inserting “2011”.

(b) **CAPITALIZATION.**—Section 1664(g)(2) of such Act (7 U.S.C. 5908(g)(2)) is amended by striking “2002” and inserting “2011”.

**SEC. 723. ASSISTIVE TECHNOLOGY PROGRAM FOR FARMERS WITH DISABILITIES.**

Section 1680(c)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5933(c)(1)) is amended by striking “2002” and inserting “2011”.

**SEC. 724. PARTNERSHIPS FOR HIGH-VALUE AGRICULTURAL PRODUCT QUALITY RESEARCH.**

Section 402(g) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7622(g)) is amended by striking “2002” and inserting “2011”.

**SEC. 725. BIOBASED PRODUCTS.**

(a) **PILOT PROJECT.**—Section 404(e)(2) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7624(e)(2)) is amended by striking “2001” and inserting “2011”.

(b) **AUTHORIZATION OF APPROPRIATIONS.**—Section 404(h) of such Act (7 U.S.C. 7624(h)) is amended by striking “2002” and inserting “2011”.

**SEC. 726. INTEGRATED RESEARCH, EDUCATION, AND EXTENSION COMPETITIVE GRANTS PROGRAM.**

Section 406(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626(e)) is amended by striking “2002” and inserting “2011”.

**SEC. 727. INSTITUTIONAL CAPACITY BUILDING GRANTS.**

(a) **GENERALLY.**—Section 535(b)(1) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking “2000” and inserting “2011”.

(b) **AUTHORIZATION OF APPROPRIATIONS.**—Section 535(c) of such Act is amended by striking “2000” and inserting “2011”.

**SEC. 728. 1994 INSTITUTION RESEARCH GRANTS.**

Section 536(c) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking “2002” and inserting “2011”.

**SEC. 729. ENDOWMENT FOR 1994 INSTITUTIONS.**

The first sentence of section 533(b) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking “\$4,600,000” and all that follows through the period and inserting “such sums as are necessary to carry out this section for each of fiscal years 1996 through 2011.”.

**SEC. 730. PRECISION AGRICULTURE.**

Section 403(i) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7623(i)) is amended by striking “2002” and inserting “2011”.

**SEC. 731. THOMAS JEFFERSON INITIATIVE FOR CROP DIVERSIFICATION.**

Section 405(h) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7625(h)) is amended by striking “2002” and inserting “2011”.

**SEC. 732. SUPPORT FOR RESEARCH REGARDING DISEASES OF WHEAT, TRITICALE, AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM OR BY TILLETIA INDICA.**

Section 408(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628(e)) is amended by striking “2002” and inserting “2011”.

**SEC. 733. OFFICE OF PEST MANAGEMENT POLICY.**

Section 614(f) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7653(f)) is amended by striking “2002” and inserting “2011”.

**SEC. 734. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.**

Section 1408(h) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(h)) is amended by striking “2002” and inserting “2011”.

**SEC. 735. GRANTS FOR RESEARCH ON PRODUCTION AND MARKETING OF ALCOHOLS AND INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS.**

Section 1419(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154(d)) is amended by striking “2002” and inserting “2011”.

**SEC. 736. BIOMASS RESEARCH AND DEVELOPMENT.**

Title III of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 7624 note) is amended—

- (1) in section 307(f), by striking “2005” and inserting “2011”; and
- (2) in section 310, by striking “2005” and inserting “2011”.

**SEC. 737. AGRICULTURAL EXPERIMENT STATIONS RESEARCH FACILITIES.**

Section 6(a) of the Research Facilities Act (7 U.S.C. 390d(a)) is amended by striking “2002” and inserting “2011”.

**SEC. 738. COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS NATIONAL RESEARCH INITIATIVE.**

Section 2(b)(10) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)(10)) is amended by striking “2002” and inserting “2011”.

**SEC. 739. FEDERAL AGRICULTURAL RESEARCH FACILITIES AUTHORIZATION OF APPROPRIATIONS.**

Section 1431 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1556) is amended by striking “2002” and inserting “2011”.

## Subtitle B—Modifications

### SEC. 741. EQUITY IN EDUCATIONAL LAND-GRANT STATUS ACT OF 1994.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 534(a)(1)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking “\$50,000” and inserting “\$100,000”.

(b) WITHDRAWALS AND EXPENDITURES.—Section 533(c)(4)(A) of such Act is amended by striking “section 390(3)” and all that follows through “1998))” and inserting “section 2(a)(7) of the Tribally Controlled College or University Assistance Act of 1978”.

(c) ACCREDITATION.—Section 533(a)(3) of such Act is amended by striking “under sections 534 and 535” and inserting “under sections 534, 535, and 536”.

(d) 1994 INSTITUTIONS.—Section 532 of such Act is amended by striking paragraphs (1) through (30) and inserting the following:

- “(1) Bay Mills Community College.
- “(2) Blackfeet Community College.
- “(3) Cankdeska Cikana Community College.
- “(4) College of Menominee Nation.
- “(5) Crownpoint Institute of Technology.
- “(6) D–Q University.
- “(7) Diné College.
- “(8) Dull Knife Memorial College.
- “(9) Fond du Lac Tribal and Community College.
- “(10) Fort Belknap College.
- “(11) Fort Berthold Community College.
- “(12) Fort Peck Community College.
- “(13) Haskell Indian Nations University.
- “(14) Institute of American Indian and Alaska Native Culture and Arts Development.
- “(15) Lac Courte Oreilles Ojibwa Community College.
- “(16) Leech Lake Tribal College.
- “(17) Little Big Horn College.
- “(18) Little Priest Tribal College.
- “(19) Nebraska Indian Community College.
- “(20) Northwest Indian College.
- “(21) Oglala Lakota College.
- “(22) Salish Kootenai College.
- “(23) Sinte Gleska University.
- “(24) Sisseton Wahpeton Community College.
- “(25) Si Tanka/Huron University.
- “(26) Sitting Bull College.
- “(27) Southwestern Indian Polytechnic Institute.
- “(28) Stone Child College.
- “(29) Turtle Mountain Community College.
- “(30) United Tribes Technical College.”.

### SEC. 742. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT OF 1977.

Section 1404(4) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(4)) is amended—

- (1) by striking “and” after subparagraph (D);
- (2) by striking the period at the end of subparagraph (E) and inserting “, or”; and
- (3) by adding at the end the following: “(F) is one of the 1994 Institutions (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994).”.

### SEC. 743. AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION REFORM ACT OF 1998.

(a) PRIORITY MISSION AREAS.—Section 401(c)(2) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621(c)(2)) is amended—

- (1) by striking “and” at the end of subparagraph (E);
- (2) by striking the period at the end of subparagraph (F) and inserting “, and”; and
- (3) by adding at the end the following new subparagraph:

“(G) alternative fuels and renewable energy sources.”.

(b) PRECISION AGRICULTURE.—Section 403 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7623) is amended—

- (1) in subsection (a)(5)(F), by inserting “(including improved use of energy inputs)” after “farm production efficiencies”; and

(2) in subsection (d)—

(A) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(B) by inserting after paragraph (3) the following new paragraph:

“(4) Improve on farm energy use efficiencies.”

(c) THOMAS JEFFERSON INITIATIVE FOR CROP DIVERSIFICATION.—Section 405(a) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7625(a)) is amended by striking “and marketing” and inserting “, marketing, and efficient use”.

(d) COORDINATED PROGRAM OF RESEARCH, EXTENSION, AND EDUCATION TO IMPROVE VIABILITY OF SMALL- AND MEDIUM-SIZE DAIRY, LIVESTOCK, AND POULTRY OPERATIONS.—Section 407(b)(3) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7627(b)(3)) is amended by inserting “(including improved use of energy inputs)” after “poultry systems that increase efficiencies”.

(e) SUPPORT FOR RESEARCH REGARDING DISEASES OF WHEAT, TRITICALE, AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM OR BY TILLETIA INDICA.—

(1) RESEARCH GRANT AUTHORIZED.—Section 408(a) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628(a)) is amended to read as follows:

“(a) RESEARCH GRANT AUTHORIZED.—The Secretary of Agriculture may make grants to consortia of land-grant colleges and universities to enhance the ability of the consortia to carry out multi-State research projects aimed at understanding and combating diseases of wheat, triticale, and barley caused by *Fusarium graminearum* and related fungi (referred to in this section as ‘wheat scab’) or by *Tilletia indica* and related fungi (referred to in this section as ‘Karnal bunt’).”

(2) RESEARCH COMPONENTS.—Section 408(b) of such Act (7 U.S.C. 7628(b)) is amended—

(A) in paragraph (1), by inserting “or of Karnal bunt,” after “epidemiology of wheat scab”;

(B) in paragraph (1), by inserting “, triticale,” after “occurring in wheat”;

(C) in paragraph (2), by inserting “or Karnal bunt” after “wheat scab”;

(D) in paragraph (3)(A), by striking “and barley for the presence of” and inserting “, triticale, and barley for the presence of Karnal bunt or of”;

(E) in paragraph (3)(B), by striking “and barley infected with wheat scab” and inserting “, triticale, and barley infected with wheat scab or with Karnal bunt”;

(F) in paragraph (3)(C), by inserting “wheat scab” after “to render”;

(G) in paragraph (4), by striking “and barley to wheat scab” and inserting “, triticale, and barley to wheat scab and to Karnal bunt”; and

(H) in paragraph (5)—

(i) by inserting “and Karnal bunt” after “wheat scab”; and

(ii) by inserting “, triticale,” after “resistant wheat”.

(3) COMMUNICATIONS NETWORKS.—Section 408(c) of such Act (7 U.S.C. 7628(c)) is amended by inserting “or Karnal bunt” after “wheat scab”.

(4) TECHNICAL AMENDMENTS.—(A) The section heading for section 408 of such Act is amended by striking “**AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM**” and inserting “, **TRITICALE, AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM OR BY TILLETIA INDICA**”.

(B) The table of sections for such Act is amended by striking “and barley caused by *fusarium graminearum*” in the item relating to section 408 and inserting “, triticale, and barley caused by *Fusarium graminearum* or by *Tilletia indica*”.

(f) PROGRAM TO CONTROL JOHNE’S DISEASE.—Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) is amended by adding at the end the following new section:

**“SEC. 409. BOVINE JOHNE’S DISEASE CONTROL PROGRAM.**

“(a) ESTABLISHMENT.—The Secretary of Agriculture, in coordination with State veterinarians and other appropriate State animal health professionals, may establish a program to conduct research, testing, and evaluation of programs for the control and management of Johne’s disease in livestock.

“(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary such sums as may be necessary to carry out this section for each of fiscal years 2003 through 2011.”

**SEC. 744. FOOD, AGRICULTURE, CONSERVATION, AND TRADE ACT OF 1990.**

(a) AGRICULTURAL GENOME INITIATIVE.—Section 1671(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5924(b)) is amended—

(1) in paragraph (3), by inserting “pathogens and” before “diseases causing economic hardship”;

(2) in paragraph (6), by striking “and” at the end;

(3) by redesignating paragraph (7) as paragraph (8); and

(4) by inserting after paragraph (6) the following new paragraph:

“(7) reducing the economic impact of plant pathogens on commercially important crop plants; and”.

(b) HIGH-PRIORITY RESEARCH AND EXTENSION INITIATIVES.—Section 1672(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) is amended by adding at the end the following new paragraphs:

“(25) RESEARCH TO PROTECT THE UNITED STATES FOOD SUPPLY AND AGRICULTURE FROM BIOTERRORISM.—Research grants may be made under this section for the purpose of developing technologies, which support the capability to deal with the threat of agricultural bioterrorism.

“(26) WIND EROSION RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of validating wind erosion models.

“(27) CROP LOSS RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of validating crop loss models.

“(28) LAND USE MANAGEMENT RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purposes of evaluating the environmental benefits of land use management tools such as those provided in the Farmland Protection Program.

“(29) WATER AND AIR QUALITY RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of better understanding agricultural impacts to air and water quality and means to address them.

“(30) REVENUE AND INSURANCE TOOLS RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purposes of better understanding the impact of revenue and insurance tools on farm income.

“(31) AGROTOURISM RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of better understanding the economic, environmental, and food systems impacts on agrotourism.

“(32) HARVESTING PRODUCTIVITY FOR FRUITS AND VEGETABLES.—Research and extension grants may be made under this section for the purpose of improving harvesting productivity for fruits and vegetables (including citrus), including the development of mechanical harvesting technologies and effective, economical, and safe abscission compounds.

“(33) NITROGEN-FIXATION BY PLANTS.—Research and extension grants may be made under this section for the purpose of enhancing the nitrogen-fixing ability and efficiency of legumes, developing new varieties of legumes that fix nitrogen more efficiently, and developing new varieties of other commercially important crops that potentially are able to fix nitrogen.

“(34) AGRICULTURAL MARKETING.—Extension grants may be made under this section for the purpose of providing education materials, information, and outreach programs regarding commodity and livestock marketing strategies for agricultural producers and for cooperatives and other marketers of any agricultural commodity, including livestock.

“(35) ENVIRONMENT AND PRIVATE LANDS RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of researching the use of computer models to aid in assessment of best management practices on a watershed basis, working with government, industry, and private landowners to help craft industry-led solutions to identified environmental issues, researching and monitoring water, air, or soil environmental quality to aid in the development of new approaches to local environmental concerns, and working with local, State, and federal officials to help craft effective environmental solutions that respect private property rights and agricultural production realities.

“(36) LIVESTOCK DISEASE RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of identifying possible livestock disease threats, educating the public regarding livestock disease threats, training persons to deal with such threats, and conducting related research.

“(37) PLANT GENE EXPRESSION.—Research and development grants may be made under this section for the purpose of plant gene expression research to accelerate the application of basic plant genomic science to the development and testing of new varieties of enhanced food crops, crops that can be used as renewable energy sources, and other alternative uses of agricultural crops.”.



**SEC. 745. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT OF 1977.**

(a) NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMIC ADVISORY BOARD.—Section 1408 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123) is amended—

(1) in subsection (b)(3)—

(A) by redesignating subparagraphs (R) through (DD) as subparagraphs (S) through (EE), respectively; and

(B) by inserting after subparagraph (Q) the following new subparagraph:  
“(R) 1 member representing a nonland grant college or university with a historic commitment to research in the food and agricultural sciences.”;

(2) in subsection (c)(1), by striking “and land-grant colleges and universities” and inserting “, land-grant colleges and universities, and the Committee on Agriculture of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry of the Senate, the Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies of the Committee on Appropriations of the House of Representatives, and the Subcommittee on Agriculture, Rural Development and Related Agencies of the Committee on Appropriations of the Senate”; and

(3) in subsection (d)(1), inserting “consult with any appropriate agencies of the Department of Agriculture and” after “the Advisory Board shall”.

(b) GRANTS FOR RESEARCH ON PRODUCTION AND MARKETING OF ALCOHOLS AND INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS.—Section 1419 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154) is amended—

(1) in subsection (a)(2), by inserting “and animal fats and oils” after “industrial oilseed crops”; and

(2) in subsection (a)(4), by inserting “or triglycerides” after “other industrial hydrocarbons”.

(c) FAS OVERSEAS INTERN PROGRAM.—Section 1458(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)) is amended—

(1) by striking “and” at the end of paragraph (8);

(2) by striking the period at the end of paragraph (9) and inserting “, and”; and

(3) by adding at the end the following new paragraph:

“(10) establish a program, to be coordinated by the Cooperative State Research, Education, and Extension Service and the Foreign Agricultural Service, to place interns from United States colleges and universities at Foreign Agricultural Service field offices overseas.”.

**SEC. 746. BIOMASS RESEARCH AND DEVELOPMENT.**

Title III of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 7624 note) is amended—

(1) in section 302(3), by inserting “or biodiesel” after “such as ethanol”;

(2) in section 303(3), by inserting “animal byproducts,” after “fibers”; and

(3) in section 306(b)(1)—

(A) by redesignating subparagraphs (E) through (J) as subparagraphs (F) through (K), respectively; and

(B) by inserting after subparagraph (D) the following new subparagraph:  
“(E) an individual affiliated with a livestock trade association;”.

**SEC. 747. BIOTECHNOLOGY RISK ASSESSMENT RESEARCH.**

Section 1668 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5921) is amended to read as follows:

**“SEC. 1668. BIOTECHNOLOGY RISK ASSESSMENT RESEARCH.**

“(a) PURPOSE.—It is the purpose of this section—

“(1) to authorize and support environmental assessment research to help identify and analyze environmental effects of biotechnology; and

“(2) to authorize research to help regulators develop long-term policies concerning the introduction of such technology.

“(b) GRANT PROGRAM.—The Secretary of Agriculture shall establish a grant program within the Cooperative State Research, Education, and Extension Service and the Agricultural Research Service to provide the necessary funding for environmental assessment research concerning the introduction of genetically engineered plants and animals into the environment.

“(c) TYPES OF RESEARCH.—Types of research for which grants may be made under this section shall include the following:

“(1) Research designed to identify and develop appropriate management practices to minimize physical and biological risks associated with genetically engineered animals and plants once they are introduced into the environment.

“(2) Research designed to develop methods to monitor the dispersal of genetically engineered animals and plants.

“(3) Research designed to further existing knowledge with respect to the characteristics, rates and methods of gene transfer that may occur between genetically engineered plants and animals and related wild and agricultural organisms.

“(4) Environmental assessment research designed to provide analysis, which compares the relative impacts of plants and animals modified through genetic engineering to other types of production systems.

“(5) Other areas of research designed to further the purposes of this section.

“(d) ELIGIBILITY REQUIREMENTS.—Grants under this section shall be—

“(1) made on the basis of the quality of the proposed research project; and

“(2) available to any public or private research or educational institution or organization.

“(e) CONSULTATION.— In considering specific areas of research for funding under this section, the Secretary of Agriculture shall consult with the Administrator of the Animal and Plant Health Inspection Service and the National Agricultural Research, Extension, Education, and Economics Advisory Board.

“(f) PROGRAM COORDINATION.— The Secretary of Agriculture shall coordinate research funded under this section with the Office of Research and Development of the Environmental Protection Agency in order to avoid duplication of research activities.

“(g) AUTHORIZATION OF APPROPRIATIONS.—

“(1) IN GENERAL.— There are authorized to be appropriated such sums as necessary to carry out this section.

“(2) WITHHOLDINGS FROM BIOTECHNOLOGY OUTLAYS.—The Secretary of Agriculture shall withhold from outlays of the Department of Agriculture for research on biotechnology, as defined and determined by the Secretary, at least one percent of such amount for the purpose of making grants under this section for research on biotechnology risk assessment. Except that, funding from this authorization should be collected and applied to the maximum extent practicable to risk assessment research on all categories identified as biotechnology by the Secretary.”.

#### SEC. 748. COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS.

Section 2(a) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(a)) is amended by adding at the end the following new paragraph:

“(3) DETERMINATION OF HIGH PRIORITY RESEARCH.—Research priorities shall be determined by the Secretary on an annual basis, taking into account input as gathered by the Secretary through the National Agricultural Research, Extension, Education, and Economics Advisory Board.”.

#### SEC. 749. MATCHING FUNDS REQUIREMENT FOR RESEARCH AND EXTENSION ACTIVITIES OF 1890 INSTITUTIONS.

Section 1449 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222d) is amended—

(1) by amending subsection (c) to read as follows:

“(c) MATCHING FORMULA.—For each of fiscal years 2003 through 2011, the State shall provide matching funds from non-Federal sources. Such matching funds shall be for an amount equal to not less than 60 percent of the formula funds to be distributed to the eligible institution, and shall increase by 10 percent each fiscal year thereafter until fiscal year 2007.”;

(2) by amending subsection (d) to read as follows:

“(d) WAIVER AUTHORITY.—Notwithstanding subsection (f), the Secretary may waive the matching funds requirement under subsection (c) above the 50 percent level for fiscal years 2003 through 2011 for an eligible institution of a State if the Secretary determines that the State will be unlikely to satisfy the matching requirement.”; and

(3) by adding at the end the following new subsection:

“(g) MATCHING FUNDS REQUIREMENT FOR THE LAND-GRANT COLLEGES IN THE UNITED STATES TERRITORIES.—

“(1) Land-grant colleges of the United States territories, including the Commonwealth of Puerto Rico, Guam, the Virgin Islands, the Northern Mariana Islands, American Samoa, and Micronesia, shall be excluded from the definition of eligible institution (as defined in subsection (a)(1)).

“(2) MATCHING FORMULA.—Notwithstanding any other provision of this subtitle, for fiscal years 2003 through 2011, the State shall provide matching funds

from non-Federal sources in an amount equal to not less than 50 percent of the formula funds to be distributed to the eligible institution.

“(3) WAIVER AUTHORITY.—Notwithstanding subsection (f), the Secretary may waive the matching funds requirements under subsection (a)(2)(A) for any of fiscal years 2003 through 2011 for an eligible institution of a State if the Secretary determines that the territory will be unlikely to satisfy the matching requirement for that fiscal year.”.

**SEC. 750. INITIATIVE FOR FUTURE AGRICULTURE AND FOOD SYSTEMS.**

(a) FUNDING.—Section 401(b)(1) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621(b)(1)) is amended to read as follows:

“(1) IN GENERAL.—

“(A) TOTAL AMOUNT TO BE TRANSFERRED.—On October 1, 2003, and each October 1 thereafter through September 30, 2011, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer funds into the Account. The total amount transferred under this subparagraph shall equal \$1,160,000,000.

“(B) EQUAL AMOUNTS.—To the maximum extent practicable, the amounts transferred into the Account pursuant to subparagraph (A) shall be transferred in equal amounts for each fiscal year.

“(C) AVAILABILITY OF FUNDS.—Amounts transferred into the Account pursuant to subparagraph (A) shall remain available until expended.”.

(b) AVAILABILITY OF FUNDS.—Section 401(f)(6) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621(f)(6)) is amended to read as follows:

“(6) AVAILABILITY OF FUNDS.—Funds made available under this section to the Secretary prior to October 1, 2003, for grants under this section shall be available to the Secretary for a 2-year period.”.

**SEC. 751. CARBON CYCLE RESEARCH.**

Section 221 of the Agricultural Risk Protection Act of 2000 (Public Law 106–224; 114 Stat. 407) is amended—

(1) in subsection (a), by striking “Of the amount” and all that follows through “to provide” and inserting “To the extent funds are made available for this purpose, the Secretary shall provide”;

(2) in subsection (d), by striking “under subsection (a)” and inserting “for this section”; and

(3) by adding at the end the following new subsection:

“(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal years 2002 through 2011 such sums as may be necessary to carry out this section.”

**SEC. 752. DEFINITION OF FOOD AND AGRICULTURAL SCIENCES.**

Section 2(3) of the Research Facilities Act (7 U.S.C. 390(2)(3)) is amended to read as follows:

“(3) FOOD AND AGRICULTURAL SCIENCES.—The term ‘food and agricultural sciences’ has the meaning given that term in section 1404(8) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(8)).”.

**SEC. 753. FEDERAL EXTENSION SERVICE.**

Section 3(b)(3) of the Smith-Lever Act (7 U.S.C. 343(b)(3)) is amended by striking “\$5,000,000” and inserting “such sums as are necessary”.

## Subtitle C—Related Matters

**SEC. 761. RESIDENT INSTRUCTION AT LAND-GRANT COLLEGES IN UNITED STATES TERRITORIES.**

(a) PURPOSE.—It is the purpose of this section to promote and strengthen higher education in the food and agricultural sciences at agricultural and mechanical colleges located in the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau (hereinafter referred to in this section as “eligible institutions”) by formulating and administering programs to enhance teaching programs in agriculture, natural resources, forestry, veterinary medicine, home economics, and disciplines closely allied to the food and agriculture production and delivery system.

(b) **GRANTS.**—The Secretary shall make competitive grants to those eligible institutions having a demonstrable capacity to carry out the teaching of food and agricultural sciences.

(c) **USE OF GRANT FUNDS.**—Grants made under subsection (b) shall be used to—

(1) strengthen institutional educational capacities, including libraries, curriculum, faculty, scientific instrumentation, instruction delivery systems, and student recruitment and retention, in order to respond to identified State, regional, national, or international education needs in the food and agricultural sciences;

(2) attract and support undergraduate and graduate students in order to educate them in identified areas of national need to the food and agriculture sciences;

(3) facilitate cooperative initiatives between two or more eligible institutions or between eligible institutions and units of State Government, organizational in the private sector, to maximize the development and use of resources such as faculty, facilities, and equipment to improve food and agricultural sciences teaching programs; and

(4) conduct undergraduate scholarship programs to assist in meeting national needs for training food and agricultural scientists.

(d) **GRANT REQUIREMENTS.**—

(1) The Secretary shall ensure that each eligible institution, prior to receiving grant funds under subsection (b), shall have a significant demonstrable commitment to higher education programs in the food and agricultural sciences and to each specific subject area for which grant funds under this subsection are to be used.

(2) The Secretary may require that any grant awarded under this section contain provisions that require funds to be targeted to meet the needs identified in section 1402 of the National Agriculture Research, Extension, and Teaching Policy Act of 1977.

(e) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated such sums as are necessary for each of the fiscal years 2002 through 2011 to carry out this section.

**SEC. 762. DECLARATION OF EXTRAORDINARY EMERGENCY AND RESULTING AUTHORITIES.**

(a) **REVIEW OF PAYMENT OF COMPENSATION.**—Section 415(e) of the Plant Protection Act (7 U.S.C. 7715(e)) is amended by inserting before the final period the following: “or review by any officer of the Government other than the Secretary or the designee of the Secretary”.

(b) **REVIEW OF CERTAIN DECISIONS.**—

(1) **PLANT PROTECTION ACT.**—Section 442 of the Plant Protection Act (7 U.S.C. 7772) is amended by adding at the end following new subsection:

“(f) **SECRETARIAL DISCRETION.**—The action of any officer, employee, or agent of the Secretary in carrying out this section, including determining the amount of and making any payment authorized to be made under this section, shall not be subject to review by any officer of the Government other than the Secretary or the designee of the Secretary.”.

(2) **OTHER PLANT AND ANIMAL PEST AND DISEASE LAWS.**—Section 11 of the Act of May 29, 1884 (21 U.S.C. 114a; commonly known as the “Animal Industry Act”) and the first section of the Act of September 25, 1981 (7 U.S.C. 147b), are each amended by adding at the end the following new sentence: “The action of any officer, employee, or agent of the Secretary in carrying out this section, including determining the amount of and making any payment authorized to be made under this section, shall not be subject to review by any officer of the Government other than the Secretary or the designee of the Secretary.”.

(c) **METHYL BROMIDE.**—The Plant Protection Act (7 U.S.C. 7701 et seq.) is amended by inserting after section 418 the following new section:

**“SEC. 419. METHYL BROMIDE.**

“(a) **IN GENERAL.**—The Secretary, upon request of State, local, or tribal authorities, shall determine whether methyl bromide treatments or applications required by State, local, or tribal authorities to prevent the introduction, establishment, or spread of plant pests (including diseases) or noxious weeds should be authorized as an official control or official requirement.

“(b) **ADMINISTRATION.**—

“(1) **TIMELINE FOR DETERMINATION.**—The Secretary shall make the determination required by subsection (a) not later than 90 days after receiving the request for such a determination.

“(2) **REGULATIONS.**—The promulgation of regulations for and the administration of this section shall be made without regard to—

“(A) the notice and comment provisions of section 553 of title 5, United States Code;

“(B) the Statement of Policy of the Secretary of Agriculture, effective July 24, 1971 (36 Fed. Reg. 13804; relating to notices of proposed rulemaking and public participation in rulemaking); and

“(C) chapter 35 of title 44, United States Code (commonly known as the ‘Paperwork Reduction Act’).

“(c) **REGISTRY**.—Not later than 180 days after the date of the enactment of this section, the Secretary shall publish, and thereafter maintain, a registry of State, local, and tribal requirements authorized by the Secretary under this section.”.

## **Subtitle D—Repeal of Certain Activities and Authorities**

### **SEC. 771. FOOD SAFETY RESEARCH INFORMATION OFFICE AND NATIONAL CONFERENCE.**

(a) **REPEAL**.—Subsections (b) and (c) of section 615 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7654 (b) and (c)) are repealed.

(b) **CONFORMING AMENDMENTS**.—

(1) **GENERALLY**.—Section 615 of such Act is amended—

(A) in the section heading, by striking “**AND NATIONAL CONFERENCE**”;

(B) by striking “(a) **FOOD SAFETY RESEARCH INFORMATION OFFICE**.—”;

(C) by redesignating paragraphs (1), (2), and (3) as subsections (a), (b), and (c), respectively, and moving the margins 2 ems to the left;

(D) in subsection (b) (as so redesignated), by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively, and moving the margins 2 ems to the left; and

(E) in subsection (c) (as so redesignated), by striking “this subsection” and inserting “this section”.

(2) **TABLE OF SECTIONS**.—The table of sections for such Act is amended by striking “and National Conference” in the item relating to section 617.

### **SEC. 772. REIMBURSEMENT OF EXPENSES UNDER SHEEP PROMOTION, RESEARCH, AND INFORMATION ACT OF 1994.**

Section 617 of the Agricultural Research, Extension, and Education Reform Act of 1998 (Public Law 105–185; 112 Stat. 607) is repealed.

### **SEC. 773. NATIONAL GENETIC RESOURCES PROGRAM.**

Section 1634 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5843) is repealed.

### **SEC. 774. NATIONAL ADVISORY BOARD ON AGRICULTURAL WEATHER.**

Section 1639 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5853) is repealed.

### **SEC. 775. AGRICULTURAL INFORMATION EXCHANGE WITH IRELAND.**

Section 1420 of the National Agricultural Research, Extension and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1551) is repealed.

### **SEC. 776. PESTICIDE RESISTANCE STUDY.**

Section 1437 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1558) is repealed.

### **SEC. 777. EXPANSION OF EDUCATION STUDY.**

Section 1438 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1559) is repealed.

### **SEC. 778. SUPPORT FOR ADVISORY BOARD.**

(a) **REPEAL**.—Section 1412 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3127) is repealed.

(b) **CONFORMING AMENDMENT**.—Section 1413(c) of such Act (7 U.S.C. 3128(c)) is amended by striking “section 1412 of this title and”.

### **SEC. 779. TASK FORCE ON 10-YEAR STRATEGIC PLAN FOR AGRICULTURAL RESEARCH FACILITIES.**

(a) **REPEAL**.—Section 4 of the Research Facilities Act (7 U.S.C. 390b) is repealed.

(b) **CONFORMING AMENDMENT**.—Section 2 of such Act (7 U.S.C. 390) is amended by striking paragraph (5).

## Subtitle E—Agriculture Facility Protection

### SEC. 790. ADDITIONAL PROTECTIONS FOR ANIMAL OR AGRICULTURAL ENTERPRISES, RESEARCH FACILITIES, AND OTHER ENTITIES.

- (a) DEFINITIONS.—The Research Facilities Act (7 U.S.C. 390 et seq.) is amended—
- (1) by redesignating section 6 as section 7; and
  - (2) by inserting after section 5 the following new section:

### “SEC. 6. ADDITIONAL PROTECTIONS FOR ANIMAL OR AGRICULTURAL ENTERPRISES, RESEARCH FACILITIES, AND OTHER ENTITIES AGAINST DISRUPTION.

“(a) DEFINITIONS.—For the purposes of this section, the following definitions apply:

“(1) ANIMAL OR AGRICULTURAL ENTERPRISE.—The term ‘animal or agricultural enterprise’ means any of the following:

“(A) A commercial, governmental, or academic enterprise that uses animals, plants, or other biological materials for food or fiber production, breeding, processing, research, or testing.

“(B) A zoo, aquarium, circus, rodeo, or other entity that exhibits or uses animals, plants, or other biological materials for educational or entertainment purposes.

“(C) A fair or similar event intended to advance agricultural arts and sciences.

“(D) A facility managed or occupied by an association, federation, foundation, council, or other group or entity of food or fiber producers, processors, or agricultural or biomedical researchers intended to advance agricultural or biomedical arts and sciences.

“(2) ECONOMIC DAMAGE.—The term ‘economic damage’ means the replacement of the following:

“(A) The cost of lost or damaged property (including all real and personal property) of an animal or agricultural enterprise.

“(B) The cost of repeating an interrupted or invalidated experiment.

“(C) The loss of revenue (including costs related to business recovery) directly related to the disruption of an animal or agricultural enterprise.

“(D) The cost of the tuition and expenses of any student to complete an academic program that was disrupted, or to complete a replacement program, when the tuition and expenses are incurred as a result of the damage or loss of the property of an animal or agricultural enterprise.

“(3) PROPERTY OF AN ANIMAL OR AGRICULTURAL ENTERPRISE.—The term ‘property of an animal or agricultural enterprise’ means real and personal property of or used by any of the following:

“(A) An animal or agricultural enterprise.

“(B) An employee of an animal or agricultural enterprise.

“(C) A student attending an academic animal or agricultural enterprise.

“(4) DISRUPTION.—The term ‘disruption’ does not include any lawful disruption that results from lawful public, governmental, or animal or agricultural enterprise employee reaction to the disclosure of information about an animal or agricultural enterprise.

“(b) VIOLATION.—A person may not recklessly, knowingly, or intentionally cause, or contribute to, the disruption of the functioning of an animal or agricultural enterprise by damaging or causing the loss of any property of the animal or agricultural enterprise that results in economic damage, as determined by the Secretary.

“(c) ASSESSMENT OF CIVIL PENALTY.—

“(1) IN GENERAL.—The Secretary may impose on any person that the Secretary determines violates subsection (b) a civil penalty in an amount determined under paragraphs (2) and (3). The civil penalty may be assessed only on the record after an opportunity for a hearing.

“(2) RECOVERY OF DEPARTMENT COSTS.—The civil penalty assessed by the Secretary against a person for a violation of subsection (b) shall be not less than the total cost incurred by the Secretary for investigation of the violation, conducting any hearing regarding the violation, and assessing the civil penalty.

“(3) RECOVERY OF ECONOMIC DAMAGE.—In addition to the amount determined under paragraph (2), the amount of the civil penalty shall include an amount not less than the total cost (or, in the case of knowing or intentional disruption, not less than 150 percent of the total cost) of the economic damage incurred by the animal or agricultural enterprise, any employee of the animal or agricultural enterprise, or any student attending an academic animal or agricultural enterprise as a result of the damage or loss of the property of an animal or agricultural enterprise.

“(d) IDENTIFICATION.—The Secretary shall identify for each civil penalty assessed under subsection (c), the portion of the amount of the civil penalty that represents the recovery of Department costs and the portion that represents the recovery of economic losses.

“(e) OTHER FACTORS IN DETERMINING PENALTY.— In determining the amount of a civil penalty under subsection (c), the Secretary shall consider the following:

“(1) The nature, circumstance, extent, and gravity of the violation or violations.

“(2) The ability of the injured animal or agricultural enterprise to continue to operate, costs incurred by the animal or agricultural enterprise to recover lost business, and the effect of the violation on earnings of employees of the animal or agricultural enterprise.

“(3) The interruptions experienced by students attending an academic animal or agricultural enterprise.

“(4) Whether the violator has previously violated subsection (a).

“(5) The violator’s degree of culpability.

“(f) FUND TO ASSIST VICTIMS OF DISRUPTION.—

“(1) FUND ESTABLISHED.—There is established in the Treasury a fund which shall consist of that portion of each civil penalty collected under subsection (c) that represents the recovery of economic damages.

“(2) USE OF AMOUNTS IN FUND.—The Secretary of Agriculture shall use amounts in the fund to compensate animal or agricultural enterprises, employees of an animal or agricultural enterprise, and student attending an academic animal or agricultural enterprise for economic losses incurred as a result of the disruption of the functioning of an animal or agricultural enterprise in violation of subsection (b).”.

## **TITLE VIII—FORESTRY INITIATIVES**

### **SEC. 801. REPEAL OF FORESTRY INCENTIVES PROGRAM AND STEWARDSHIP INCENTIVE PROGRAM.**

The Cooperative Forestry Assistance Act of 1978 is amended by striking section 4 (16 U.S.C. 2103) and section 6 (16 U.S.C. 2103b).

### **SEC. 802. ESTABLISHMENT OF FOREST LAND ENHANCEMENT PROGRAM.**

(a) FINDINGS.—Congress finds the following:

(1) There is a growing dependence on private nonindustrial forest lands to supply the necessary market commodities and nonmarket values, such as habitat for fish and wildlife, aesthetics, outdoor recreation opportunities, and other forest resources, required by a growing population.

(2) There is a strong demand for expanded assistance programs for owners of nonindustrial private forest land since the majority of the wood supply of the United States comes from nonindustrial private forest land.

(3) The soil, carbon stores, water and air quality of the United States can be maintained and improved through good stewardship of nonindustrial private forest lands.

(4) The products and services resulting from stewardship of nonindustrial private forest lands provide income and employment that contribute to the economic health and diversity of rural communities.

(5) Wildfires threaten human lives, property, forests, and other resources, and Federal and State cooperation in forest fire prevention and control has proven effective and valuable, in that properly managed forest stands are less susceptible to catastrophic fire, as dramatized by the catastrophic fire seasons of 1998 and 2000.

(6) Owners of private nonindustrial forest lands are being faced with increased pressure to convert their forestland to development and other uses.

(7) Complex, long-rotation forest investments, including sustainable hardwood management, are often the most difficult commitment for small, nonindustrial private forest landowners and, thus, should receive equal consideration under cost-share programs.

(8) The investment of one Federal dollar in State and private forestry programs is estimated to leverage \$9 on average from State, local, and private sources.

(b) PURPOSE.—It is the purpose of this section to strengthen the commitment of the Department of Agriculture to sustainable forestry and to establish a coordinated and cooperative Federal, State, and local sustainable forest program for the establishment, management, maintenance, enhancement, and restoration of forests on nonindustrial private forest lands in the United States.

(c) **FOREST LAND ENHANCEMENT PROGRAM.**—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 3 (16 U.S.C. 2102) the following new section 4:

**“SEC. 4. FOREST LAND ENHANCEMENT PROGRAM.**

**“(a) ESTABLISHMENT.—**

**“(1) ESTABLISHMENT; PURPOSE.**—The Secretary shall establish a Forest Land Enhancement Program (in this section referred to as the ‘Program’) for the purpose of providing financial, technical, educational, and related assistance to State foresters to encourage the long-term sustainability of nonindustrial private forest lands in the United States by assisting the owners of such lands in more actively managing their forest and related resources by utilizing existing State, Federal, and private sector resource management expertise, financial assistance, and educational programs.

**“(2) ADMINISTRATION.**—The Secretary shall carry out the Program within, and administer the Program through, the Natural Resources Conservation Service.

**“(3) COORDINATION.**—The Secretary shall implement the Program in coordination with State foresters.

**“(b) PROGRAM OBJECTIVES.**—In implementing the Program, the Secretary shall target resources to achieve the following objectives:

**“(1)** Investment in practices to establish, restore, protect, manage, maintain, and enhance the health and productivity of the nonindustrial private forest lands in the United States for timber, habitat for flora and fauna, water quality, and wetlands.

**“(2)** Ensuring that afforestation, reforestation, improvement of poorly stocked stands, timber stand improvement, practices necessary to improve seedling growth and survival, and growth enhancement practices occur where needed to enhance and sustain the long-term productivity of timber and nontimber forest resources to help meet future public demand for all forest resources and provide environmental benefits.

**“(3)** Reduce the risks and help restore, recover, and mitigate the damage to forests caused by fire, insects, invasive species, disease, and damaging weather.

**“(4)** Increase and enhance carbon sequestration opportunities.

**“(5)** Enhance implementation of agroforestry practices.

**“(6)** Maintain and enhance the forest landbase and leverage State and local financial and technical assistance to owners that promote the same conservation and environmental values.

**“(c) ELIGIBILITY.—**

**“(1) IN GENERAL.**—An owner of nonindustrial private forest land is eligible for cost-sharing assistance under the Program if the owner—

**“(A)** agrees to develop and implement an individual stewardship, forest, or stand management plan addressing site specific activities and practices in cooperation with, and approved by, the State forester, state official, or private sector program in consultation with the State forester;

**“(B)** agrees to implement approved activities in accordance with the plan for a period of not less than 10 years, unless the State forester approves a modification to such plan; and

**“(C)** meets the acreage restrictions as determined by the State forester in conjunction with the State Forest Stewardship Coordinating Committee established under section 19.

**“(2) STATE PRIORITIES.**—The Secretary, in consultation with the State forester and the State Forest Stewardship Coordinating Committee may develop State priorities for cost sharing under the Program that will promote forest management objectives in that State.

**“(3) DEVELOPMENT OF PLAN.**—An owner shall be eligible for cost-share assistance for the development of the individual stewardship, forest, or stand management plan required by paragraph (1).

**“(d) APPROVED ACTIVITIES.—**

**“(1) DEVELOPMENT.**—The Secretary, in consultation with the State Forest Stewardship Coordinating Committee, shall develop a list of approved forest activities and practices that will be eligible for cost-share assistance under the Program within each State.

**“(2) TYPE OF ACTIVITIES.**—In developing a list of approved activities and practices under paragraph (1), the Secretary shall attempt to achieve the establishment, restoration, management, maintenance, and enhancement of forests and trees for the following:

**“(A)** The sustainable growth and management of forests for timber production.



“(B) The restoration, use, and enhancement of forest wetlands and riparian areas.

“(C) The protection of water quality and watersheds through the application of State-developed forestry best management practices.

“(D) Energy conservation and carbon sequestration purposes.

“(E) Habitat for flora and fauna.

“(F) The control, detection, and monitoring of invasive species on forestlands as well as preventing the spread and providing for the restoration of lands affected by invasive species.

“(G) Hazardous fuels reduction and other management activities that reduce the risks and help restore, recover, and mitigate the damage to forests caused by fire.

“(H) The development of forest or stand management plans.

“(I) Other activities approved by the Secretary, in coordination with the State Forest Stewardship Coordinating Committee.

“(e) COOPERATION.—In implementing the Program, the Secretary shall cooperate with other Federal, State, and local natural resource management agencies, institutions of higher education, and the private sector.

“(f) REIMBURSEMENT OF ELIGIBLE ACTIVITIES.—

“(1) IN GENERAL.—The Secretary shall share the cost of implementing the approved activities that the Secretary determines are appropriate, in the case of an owner that has entered into an agreement to place nonindustrial private forest lands of the owner in the Program.

“(2) RATE.—The Secretary shall determine the appropriate reimbursement rate for cost-share payments under paragraph (1) and the schedule for making such payments.

“(3) MAXIMUM.—The Secretary shall not make cost-share payments under this subsection to an owner in an amount in excess of 75 percent of the total cost, or a lower percentage as determined by the State forester, to such owner for implementing the practices under an approved plan. The maximum payments to any one owner shall be determined by the Secretary.

“(4) CONSULTATION.—The Secretary shall make determinations under this subsection in consultation with the State forester.

“(g) RECAPTURE.—

“(1) IN GENERAL.—The Secretary shall establish and implement a mechanism to recapture payments made to an owner in the event that the owner fails to implement any approved activity specified in the individual stewardship, forest, or stand management plan for which such owner received cost-share payments.

“(2) ADDITIONAL REMEDY.—The remedy provided in paragraph (1) is in addition to any other remedy available to the Secretary.

“(h) DISTRIBUTION.—The Secretary shall distribute funds available for cost sharing under the Program among the States only after giving appropriate consideration to—

“(1) the total acreage of nonindustrial private forest land in each State;

“(2) the potential productivity of such land;

“(3) the number of owners eligible for cost sharing in each State;

“(4) the opportunities to enhance non-timber resources on such forest lands;

“(5) the anticipated demand for timber and nontimber resources in each State;

“(6) the need to improve forest health to minimize the damaging effects of catastrophic fire, insects, disease, or weather; and

“(7) the need and demand for agroforestry practices in each State.

“(i) DEFINITIONS.—In this section:

“(1) NONINDUSTRIAL PRIVATE FOREST LANDS.—The term ‘nonindustrial private forest lands’ means rural lands, as determined by the Secretary, that—

“(A) have existing tree cover or are suitable for growing trees; and

“(B) are owned or controlled by any nonindustrial private individual, group, association, corporation, Indian tribe, or other private legal entity (other than a nonprofit private legal entity) so long as the individual, group, association, corporation, tribe, or entity has definitive decision-making authority over the lands, including through long-term leases and other land tenure systems, for a period of time long enough to ensure compliance with the Program.

“(2) OWNER.—The term ‘owner’ includes a private individual, group, association, corporation, Indian tribe, or other private legal entity (other than a nonprofit private legal entity) that has definitive decision-making authority over nonindustrial private forest lands through a long-term lease or other land tenure systems.

“(3) SECRETARY.—The term ‘Secretary’ means the Secretary of Agriculture.

- “(4) STATE FORESTER.—The term ‘State forester’ means the director or other head of a State Forestry Agency or equivalent State official.
- “(j) AVAILABILITY OF FUNDS.—The Secretary shall use \$150,000,000 of funds of the Commodity Credit Corporation to carry out the Program during the period beginning on October 1, 2001, and ending on September 30, 2011.”
- (d) CONFORMING AMENDMENT.—Section 246(b)(2) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962(b)(2)) is amended by striking “forestry incentive program” and inserting “Forest Land Enhancement Program”.

**SEC. 803. RENEWABLE RESOURCES EXTENSION ACTIVITIES.**

- (a) EXTENSION AND AUTHORIZATION INCREASE.—Section 6 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1675) is amended—
- (1) by striking “\$15,000,000” and inserting “\$30,000,000”; and
  - (2) by striking “2002” and inserting “2011”.
- (b) SUSTAINABLE FORESTRY OUTREACH INITIATIVE.—The Renewable Resources Extension Act of 1978 is amended by inserting after section 5A (16 U.S.C. 1674a) the following new section:

**“SEC. 5B. SUSTAINABLE FORESTRY OUTREACH INITIATIVE.**

“The Secretary shall establish a program to be known as the ‘Sustainable Forestry Outreach Initiative’ for the purpose of educating landowners regarding the following:

- “(1) The value and benefits of practicing sustainable forestry.
- “(2) The importance of professional forestry advice in achieving their sustainable forestry objectives.
- “(3) The variety of public and private sector resources available to assist them in planning for and practicing sustainable forestry.”.

**SEC. 804. ENHANCED COMMUNITY FIRE PROTECTION.**

- (a) FINDINGS.—Congress finds the following:
- (1) The severity and intensity of wildland fires has increased dramatically over the past few decades as a result of past fire and land management policies.
  - (2) The record 2000 fire season is a prime example of what can be expected if action is not taken.
  - (3) These wildfires threaten not only the nation’s forested resources, but the thousands of communities intermingled with the wildlands in the wildland-urban interface.
  - (4) The National Fire Plan developed in response to the 2000 fire season is the proper, coordinated, and most effective means to address this wildfire issue.
  - (5) Whereas adequate authorities exist to tackle the wildfire issues at the landscape level on Federal lands, there is limited authority to take action on most private lands where the largest threat to life and property lies.
  - (6) There is a significant Federal interest in enhancing community protection from wildfire.
- (b) ENHANCED PROTECTION.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 10 (16 U.S.C. 2106) the following new section:

**“SEC. 10A. ENHANCED COMMUNITY FIRE PROTECTION.**

“(a) COOPERATIVE MANAGEMENT RELATED TO WILDFIRE THREATS.—The Secretary may cooperate with State foresters and equivalent State officials in the management of lands in the United States for the following purposes:

- “(1) Aid in wildfire prevention and control;
- “(2) Protect communities from wildfire threats;
- “(3) Enhance the growth and maintenance of trees and forests that promote overall forest health.
- “(4) Ensure the continued production of all forest resources, including timber, outdoor recreation opportunities, wildlife habitat, and clean water, through conservation of forest cover on watersheds, shelterbelts, and windbreaks.

“(b) COMMUNITY AND PRIVATE LAND FIRE ASSISTANCE PROGRAM.—

“(1) ESTABLISHMENT; PURPOSE.—The Secretary shall establish a Community and Private Land Fire Assistance program—

- “(A) to focus the Federal role in promoting optimal firefighting efficiency at the Federal, State, and local levels;
- “(B) to augment Federal projects that establish landscape level protection from wildfires;
- “(C) to expand outreach and education programs to homeowners and communities about fire prevention; and
- “(D) to establish defensible space around private landowners homes and property against wildfires.

“(2) COMPONENTS.—In coordination with existing authorities under this Act, the Secretary may undertake on both Federal and non-Federal lands—

- “(A) fuel hazard mitigation and prevention;
- “(B) invasive species management;
- “(C) multi-resource wildfire planning;
- “(D) community protection planning;
- “(E) community and landowner education enterprises, including the program known as FIREWISE;
- “(F) market development and expansion;
- “(G) improved wood utilization;
- “(H) special restoration projects.

“(3) CONSIDERATIONS.—The Secretary shall use local contract personnel wherever possible to carry out projects under the Program.

“(c) AUTHORIZATION OF APPROPRIATIONS.—There are hereby authorized to be appropriated to the Secretary \$35,000,000 for each of fiscal years 2002 through 2011, and such sums as may be necessary thereafter, to carry out this section.”.

#### SEC. 805. INTERNATIONAL FORESTRY PROGRAM.

Section 2405(d) of the Global Climate Change Prevention Act of 1990 (title XXIV of Public Law 101–624; 7 U.S.C. 6704(d)) is amended by striking “2002” and inserting “2011”.

#### SEC. 806. LONG-TERM FOREST STEWARDSHIP CONTRACTS FOR HAZARDOUS FUELS REMOVAL AND IMPLEMENTATION OF NATIONAL FIRE PLAN.

(a) ANNUAL ASSESSMENT OF TREATMENT ACREAGE.—Not later than March 1 of each of fiscal years 2002 through 2006, the Secretary concerned shall submit to Congress an assessment of the number of acres of forested Federal lands recommended to be treated during the next fiscal year using stewardship end result contracts authorized by subsection (c). The assessment shall be based on the treatment schedules contained in the report entitled “Protecting People and Sustaining Resources in Fire-Adapted Ecosystems”, dated October 13, 2000, and incorporated into the National Fire Plan. The assessment shall identify the acreage by condition class, type of treatment, and treatment year to achieve the restoration goals outlined in the report within 10-, 15-, and 20-year time periods. The assessment shall also include changes in the restoration goals based on the effects of fire, hazardous fuel treatments pursuant to the National Fire Plan, or updates in data.

(b) FUNDING RECOMMENDATION.—The Secretary concerned shall include in the annual assessment a request for funds sufficient to implement the recommendations contained in the assessment using stewardship end result contracts under subsection (c) when the Secretary concerned determines that the objectives of the National Fire Plan are best accomplished through forest stewardship end result contracting.

(c) STEWARDSHIP END RESULT CONTRACTING.—

(1) AUTHORITY.—Subject to the amount of funds made available pursuant to subsection (b), the Secretary concerned may enter into stewardship end result contracts to implement the National Fire Plan on Federal lands based upon the stewardship treatment schedules provided in the annual assessments under subsection (a). The contracting goals and authorities described in subsections (b) through (f) of section 347 of the Department of the Interior and Related Agencies Appropriations Act, 1999 (as contained in section 101(e) of division A of Public Law 105–277; 16 U.S.C. 2104 note; commonly known as the Stewardship End Result Contracting Demonstration Project) shall apply to contracts entered into under this subsection, except that the period of the contract shall be 10 years.

(2) DURATION.—The authority of the Secretary concerned to enter into contracts under this subsection expires September 30, 2007.

(d) STATUS REPORT.—Beginning with the assessment required under subsection (a) in 2003, the Secretary concerned shall include in the annual assessment a status report of the stewardship end result contracts entered into under the authority of this section.

(e) DEFINITIONS.—In this section:  
In this Act:

(1) FEDERAL LANDS.—The term “Federal lands” means—

- (A) National Forest System lands;
- (B) public lands administered by the Secretary of the Interior, acting through the Bureau of Land Management; and
- (C) Indian lands.

(2) INDIAN LANDS.—The term “Indian lands” means—

- (A) lands held in trust by the United States for the benefit of an Indian tribe;
- (B) lands held by an Indian tribe subject to restriction by the United States against alienation; and

(C) lands held by an incorporated Alaska Native group, regional corporation, or village corporation under the provisions of the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.).

(3) SECRETARY CONCERNED.—The term “Secretary concerned” means—

(A) the Secretary of Agriculture or the designee of the Secretary of Agriculture with respect to the Federal lands described in paragraph (1)(A); and

(B) the Secretary of the Interior or the designee of the Secretary of the Interior with respect to the Federal lands described in paragraphs (1)(B) and (1)(C).

**SEC. 807. MCINTIRE-STENNIS COOPERATIVE FORESTRY RESEARCH PROGRAM.**

It is the sense of Congress to reaffirm the importance of Public Law 87–88 (16 U.S.C. 582a et seq.), commonly known as the McIntire-Stennis Cooperative Forestry Act.

## **TITLE IX—MISCELLANEOUS PROVISIONS**

### **Subtitle A—Tree Assistance Program**

**SEC. 901. ELIGIBILITY.**

(a) LOSS.—Subject to the limitation in subsection (b), the Secretary of Agriculture shall provide assistance, as specified in section 902, to eligible orchardists that planted trees for commercial purposes but lost such trees as a result of a natural disaster, as determined by the Secretary.

(b) LIMITATION.—An eligible orchardist shall qualify for assistance under subsection (a) only if such orchardist’s tree mortality, as a result of the natural disaster, exceeds 15 percent (adjusted for normal mortality).

**SEC. 902. ASSISTANCE.**

The assistance provided by the Secretary of Agriculture to eligible orchardists for losses described in section 901 shall consist of either—

(1) reimbursement of 75 percent of the cost of replanting trees lost due to a natural disaster, as determined by the Secretary, in excess of 15 percent mortality (adjusted for normal mortality); or

(2) at the discretion of the Secretary, sufficient seedlings to reestablish the stand.

**SEC. 903. LIMITATION ON ASSISTANCE.**

(a) LIMITATION.—The total amount of payments that a person shall be entitled to receive under this subtitle may not exceed \$50,000, or an equivalent value in tree seedlings.

(b) REGULATIONS.—The Secretary of Agriculture shall issue regulations—

(1) defining the term “person” for the purposes of this subtitle, which shall conform, to the extent practicable, to the regulations defining the term “person” issued under section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) and the Disaster Assistance Act of 1988 (7 U.S.C. 1421 note); and

(2) prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitation established under this section.

**SEC. 904. DEFINITIONS.**

In this subtitle:

(1) ELIGIBLE ORCHARDIST.—The term “eligible orchardist” means a person who produces annual crops from trees for commercial purposes and owns 500 acres or less of such trees.

(2) NATURAL DISASTER.—The term “natural disaster” includes plant disease, insect infestation, drought, fire, freeze, flood, earthquake, and other occurrences, as determined by the Secretary.

(3) TREE.—The term “tree” includes trees, bushes, and vines.

### **Subtitle B—Advisory Council and Federal Interagency Working Group on Upper Mississippi River**

**SEC. 911. DEFINITIONS.**

In this subtitle:

(1) The term “Advisory Council” means the Advisory Council on the Upper Mississippi River Stewardship Initiative established by this subtitle.

(2) The terms “Upper Mississippi River Basin” and “Basin” mean the watershed portion of the Upper Mississippi River and Illinois River basins, from Cairo, Illinois to the headwaters of the Mississippi River. The designation includes the Kaskaskia watershed along the Illinois River, and the Meramec watershed along the Missouri River.

(3) The terms “Upper Mississippi River Stewardship Initiative” and “Initiative” mean activities undertaken to monitor and reduce nutrient and sediment loss in the Upper Mississippi River Basin.

**SEC. 912. ESTABLISHMENT OF ADVISORY COUNCIL ON THE UPPER MISSISSIPPI RIVER STEWARDSHIP INITIATIVE.**

(a) **ESTABLISHMENT.**—The Secretary of Agriculture, in consultation with the governors specified in subsection (c), shall establish an advisory body, to be known as the Advisory Council on the Upper Mississippi River Stewardship Initiative, to provide guidance regarding the Initiative.

(b) **MEMBERSHIP.**—

(1) **VOTING MEMBERS.**—The Advisory Council shall consist of a total of 15 voting members.

(2) **CHAIRPERSON.**—Voting members shall elect one member appointed under subparagraph (c) to serve as chairperson for the Advisory Council. The chairperson shall serve for a term lasting no more than one year.

(c) **APPOINTMENT.**—The governors of the States of Minnesota, Wisconsin, Illinois, Iowa, and Missouri shall each appoint two voting members of the Advisory Council, to be selected from nongovernmental agriculture, natural resources, recreational, and environmental groups and other persons with interests in the sustainability and health of the natural resources of the Upper Mississippi River Basin.

(d) **STATE TECHNICAL COMMITTEE REPRESENTATION.**—The five remaining voting members of the Advisory Council shall be drawn from the State Technical Committees established by the Secretary of Agriculture under section 1261 of the Food Security Act of 1985 (16 U.S.C. 3861) for the States of Minnesota, Wisconsin, Illinois, Iowa, and Missouri. The Secretary of Agriculture shall select one member from each of these State Technical Committees.

(e) **NONVOTING MEMBERS.**—The governors referred to in subsection (c) shall also each appoint one nonvoting member for the Advisory Council who will serve as representatives of the governors.

(f) **PER DIEM.**—Members of the Advisory Council, including members appointed pursuant to subsection (e), shall receive the Federal per diem for transportation and lodging associated with meetings and other activities of the Advisory Council.

**SEC. 913. RESPONSIBILITIES OF ADVISORY COUNCIL.**

(a) **COORDINATION AND COMMUNICATION.**—The Advisory Council shall serve as a means for coordination, communication, and information sharing regarding such issues in the Upper Mississippi River Basin as follows:

- (1) Science and technology concerning conservation practices.
- (2) Monitoring and modeling needs.
- (3) Strategies for implementing conservation assistance and programs.
- (4) Performance assessment.
- (5) Evaluation and reporting.

(b) **ANNUAL REPORT ON REDUCTION EFFORTS.**—

(1) **PREPARATION.**—The Advisory Council shall prepare an annual report regarding publicly-financed efforts to reduce sediment and nutrient loss in the Upper Mississippi River Basin.

(2) **SUBMISSION.**—The annual report shall be submitted—

(A) to the State legislatures of the States of Wisconsin, Minnesota, Iowa, Illinois, Missouri, Kentucky, Tennessee, Arkansas, Louisiana, and Mississippi;

(B) to the Upper Mississippi River Basin Association; and

(C) to the Congress.

(c) **SPECIAL TASK FORCES.**—For the purpose of maximizing and diversifying the involvement of people in the activities of the Advisory Council and addressing specific issues referred to in subsection (a), the Advisory Council shall create issue specific task forces as necessary to effectively carry out the responsibilities of the Advisory Council. The Advisory Council shall consult with the Interagency Working Group and appropriate State agencies in establishing any such task force and before dissolving any such task force when it becomes obsolete.

(d) **PUBLIC MEETINGS.**—As part of its responsibilities under this section, the Advisory Council shall hold annual public meetings in each of the States of Wisconsin, Minnesota, Iowa, Illinois, and Missouri to formulate recommendations and seek

public input regarding methods and priorities to reduce sediment and nutrient loss in the Upper Mississippi River Basin. To qualify as the annual meeting in a State, at least two of the three members of the Advisory Council from that State must be present at the meeting.

(e) **STAFF DIRECTOR.**—The Secretary of Agriculture shall appoint an employee of the Natural Resources Conservation Service of the Department of Agriculture to act as staff director for the Advisory Council. The staff director shall work in conjunction with the chairperson of the Advisory Council to assist in coordinating the activities of the Advisory Council.

**SEC. 914. ADVISORY NATURE OF COUNCIL.**

(a) **IN GENERAL.**—The Advisory Council is purely advisory and shall have no implementation or enforcement authority. However, the Secretary of Agriculture and the heads of the other Federal agencies in the Interagency Working Group established under section 915 shall give strong consideration to the recommendations of the Advisory Council in administering natural resources programs of the Upper Mississippi River Basin.

(b) **PUBLIC OUTREACH.**—The Secretary of Agriculture shall work with the Advisory Council to coordinate outreach activities in the Upper Mississippi River Basin related to technologies and other methods to reduce sediment and nutrient loss.

**SEC. 915. FEDERAL INTERAGENCY WORKING GROUP.**

(a) **ESTABLISHMENT.**—The Secretary of Agriculture and the Secretary of the Department of the Interior shall establish an Interagency Working Group to coordinate Federal nutrient and sediment reduction efforts in the Upper Mississippi River Basin under the Initiative.

(b) **CHAIRPERSON; ADDITIONAL INPUT AND PARTICIPATION.**—The Secretary of Agriculture (or the designee of the Secretary) shall serve as chairperson of the Interagency Working Group and may solicit input and participation by other Federal agencies engaged in sediment and nutrient reduction efforts in the Upper Mississippi River Basin.

(c) **ANNUAL WORK PLAN AND BUDGET.**—The Interagency Working Group shall annually develop a coordinated work plan and budget for the Federal agencies participating in the Initiative—

- (1) to better coordinate Federal efforts to address sediment and nutrient reduction in the Upper Mississippi River Basin;
- (2) to encourage Federal agencies responsible for sediment and nutrient reduction efforts to leverage local, State, and Federal resources;
- (3) to identify gaps and overlapping programs; and
- (4) to better prioritize existing Federal spending to address major sources of sediment and nutrient loss.

(d) **COORDINATION.**—The Interagency Working Group shall coordinate its recommendations to be included in the work plan and budget with those of individual agencies.

(e) **SUBMISSION OF WORK PLAN AND BUDGET.**—Not later than September 15 of each year, the Interagency Working Group shall submit to the Office of Management and Budget the work plan and budget required by subsection (c).

**SEC. 916. AUTHORIZATION OF APPROPRIATIONS.**

There is authorized to be appropriated \$400,000 for each of fiscal years 2003 through 2011 to carry out this subtitle.

## Subtitle C—Other Matters

**SEC. 921. HAZARDOUS FUEL REDUCTION GRANTS TO PREVENT WILDFIRE DISASTERS AND TRANSFORM HAZARDOUS FUELS TO ELECTRIC ENERGY, USEFUL HEAT, OR TRANSPORTATION FUELS.**

(a) **FINDINGS.**—Congress finds the following:

(1) The damages caused by wildfire disasters have been equivalent in magnitude to the damage resulting from the Northridge earthquake, Hurricane Andrew, and the recent flooding of the Mississippi River and the Red River.

(2) More than 20,000 communities in the United States are at risk to wildfire and approximately 11,000 of these communities are located near Federal lands. More than 72,000,000 acres of National Forest System lands and 57,000,000 acres of lands managed by the Secretary of the Interior are at risk of catastrophic fire in the near future. The accumulation of heavy forest fuel loads continues to increase as a result of disease, insect infestations, and drought, further raising the risk of fire each year.

(3) Modification of forest fuel load conditions through the removal of hazardous fuels will minimize catastrophic damage from wildfires, reducing the need for emergency funding to respond to wildfires and protecting lives, communities, watersheds, and wildlife habitat.

(4) The hazardous fuels removed from forest lands represent an abundant renewable resource as well as a significant supply of biomass for biomass-to-energy facilities.

(b) **HAZARDOUS FUELS TO ENERGY GRANT PROGRAM.**—The Secretary concerned may make a grant to a person that operates a biomass-to-energy facility to offset the costs incurred to purchase hazardous fuels from forest lands for use by the facility in the production of electric energy, useful heat, or transportation fuels. The Secretary concerned shall select grant recipients on the basis of their planned purchases of hazardous fuels and the level of anticipated benefits to reduced wildfire risk.

(c) **GRANT AMOUNTS.**—A grant under this section shall be equal to at least \$5 per ton of hazardous fuels delivered, but not to exceed \$10 per ton of hazardous fuels delivered, based on the distance of the hazardous fuels from the biomass-to-energy facility.

(d) **MONITORING OF GRANT RECIPIENT ACTIVITIES.**—As a condition on a grant under this section, the grant recipient shall keep such records as the Secretary concerned may require to fully and correctly disclose the use of the grant funds and all transactions involved in the purchase of hazardous fuels derived from forest lands. Upon notice by a duly authorized representative of the Secretary concerned, the operator of a biomass-to-energy facility that purchases or uses the resulting hazardous fuels shall afford the representative reasonable access to the facility and an opportunity to examine the inventory and records of the facility.

(e) **MONITORING OF EFFECT OF TREATMENTS.**—The Secretary concerned shall monitor Federal lands from which hazardous fuels are removed and sold to a biomass-to-energy facility to determine and document the reduction in fire hazards on such lands.

(f) **DEFINITIONS.**—In this section:

(1) **BIOMASS-TO-ENERGY FACILITY.**—The term “biomass-to-energy facility” means a facility that uses forest biomass as a raw material to produce electric energy, useful heat, or transportation fuels.

(2) **FOREST BIOMASS.**—The term “forest biomass” means hazardous fuels and biomass accumulations from precommercial thinnings, slash, and brush on forest lands that do not satisfy the definition of hazardous fuels.

(3) **HAZARDOUS FUELS.**—The term “hazardous fuels” means any unnaturally excessive accumulation of organic material, particularly in areas designated as condition class 2 or condition class 3 (as defined in the report entitled “Protecting People and Sustainable Resources in Fire-Adapted Ecosystems”, prepared by the Forest Service, and dated October 13, 2000), on forest lands that the Secretary concerned determines poses a substantial present or potential hazard to forest ecosystems, wildlife, human, community, or firefighter safety in the case of a wildfire, particularly a wildfire in a drought year.

(4) **SECRETARY CONCERNED.**—The term “Secretary concerned” means—

(A) the Secretary of Agriculture or the designee of the Secretary of Agriculture with respect to the National Forest System lands and private lands; and

(B) the Secretary of the Interior or the designee of the Secretary of the Interior with respect to Federal lands under the jurisdiction of the Secretary of the Interior and Indian lands.

(g) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated \$50,000,000 for each fiscal year to carry out this section.

#### **SEC. 922. BIOENERGY PROGRAM.**

Notwithstanding any limitations in the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.) or part 1424 of title 7, Code of Federal Regulations, the Commodity Credit Corporation shall designate animal fats, agricultural byproducts, and oils as eligible agricultural commodities for use in the Bioenergy Program to promote industrial consumption of agricultural commodities for the production of ethanol and biodiesel fuels.

#### **SEC. 923. AVAILABILITY OF SECTION 32 FUNDS.**

The 2d undesignated paragraph of section 32 of the Act of August 24, 1935 (Public Law 320; 49 Stat. 774; 7 U.S.C. 612c), is amended by striking “\$300,000,000” and inserting “\$500,000,000”.

**SEC. 924. SENIORS FARMERS' MARKET NUTRITION PROGRAM.**

(a) **ESTABLISHMENT.**—For each of the fiscal years 2002 through 2011, the Secretary of Agriculture shall use \$15,000,000 of the funds available to the Commodity Credit Corporation to carry out and expand a seniors farmers' market nutrition program.

(b) **PROGRAM PURPOSES.**—The purposes of the seniors farmers' market nutrition program are—

(1) to provide resources in the form of fresh, nutritious, unprepared, locally grown fruits, vegetables, and herbs from farmers' markets, roadside stands and community supported agriculture programs to low-income seniors;

(2) to increase the domestic consumption of agricultural commodities by expanding or aiding in the expansion of domestic farmers' markets, roadside stands, and community supported agriculture programs; and

(3) to develop or aid in the development of new and additional farmers' markets, roadside stands, and community supported agriculture programs.

(c) **REGULATIONS.**—The Secretary may issue such regulations as the Secretary considers necessary to carry out the seniors farmers' market nutrition program.

**SEC. 925. FEDERAL MARKETING ORDER FOR CANE BERRIES.**

The Secretary of Agriculture shall issue a Federal marketing order for cane berries grown in the United States.

**SEC. 926. NATIONAL APPEALS DIVISION.**

Section 278 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6998) is amended by adding at the end the following new subsection:

“(f) **FINALITY OF CERTAIN APPEAL DECISIONS.**—If an appellant prevails at the regional level in an administrative appeal of a decision by the Division, the agency may not pursue an administrative appeal of that decision to the national level.”.

**SEC. 927. OUTREACH AND ASSISTANCE FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.**

Subsection (a) of section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279) is amended to read as follows:

“(a) **OUTREACH AND ASSISTANCE.**—

“(1) **IN GENERAL.**—The Secretary of Agriculture (in this section referred to as the ‘Secretary’) shall provide outreach and technical assistance programs specifically to encourage and assist socially disadvantaged farmers and ranchers to own and operate farms and ranches and to participate equitably in the full range of agricultural programs. This assistance, which should enhance coordination and make more effective the outreach, technical assistance, and education efforts authorized in specific agriculture programs, shall include information and assistance on commodity, conservation, credit, rural, and business development programs, application and bidding procedures, farm and risk management, marketing, and other essential information to participate in agricultural and other programs of the Department.

“(2) **GRANTS AND CONTRACTS.**—The Secretary may make grants and enter into contracts and other agreements in the furtherance of this section with the following entities:

“(A) Any community-based organization, network, or coalition of community-based organizations that—

“(i) has demonstrated experience in providing agricultural education or other agriculturally related services to socially disadvantaged farmers and ranchers;

“(ii) provides documentary evidence of its past experience of working with socially disadvantaged farmers and ranchers during the two years preceding its application for assistance under this section; and

“(iii) does not engage in activities prohibited under section 501(c)(3) of the Internal Revenue Code of 1986.

“(B) 1890 Land-Grant Colleges, including Tuskegee Institute, Indian tribal community colleges and Alaska native cooperative colleges, Hispanic serving post-secondary educational institutions, and other post-secondary educational institutions with demonstrated experience in providing agriculture education or other agriculturally related services to socially disadvantaged family farmers and ranchers in their region.

“(C) Federally recognized tribes and national tribal organizations with demonstrated experience in providing agriculture education or other agriculturally related services to socially disadvantaged family farmers and ranchers in their region.

“(3) **FUNDING.**—There are authorized to be appropriated \$25,000,000 for each fiscal year to make grants and enter into contracts and other agreements with



the entities described in paragraph (2) and to otherwise carry out the purposes of this subsection.”.

## BRIEF EXPLANATION

### TITLE I—COMMODITY PROGRAMS

- Maintains maximum planting flexibility while providing counter-cyclical protection to help farmers weather adverse market conditions.
- Retains fixed-decoupled payments, as well as the marketing loan program. Marketing loan rates are maintained for all commodities except oilseeds, which are established at a level equivalent to other commodities, and grain sorghum, which is established at a level equivalent to corn.
- Provides producers with the option to update base acreage. Current base yields are maintained. Both fixed-decoupled, and counter-cyclical payments are made on the producer’s base.
- For oilseeds and farms without current AMTA payment base and yields, the Secretary is directed to develop payment yields that are comparable to current AMTA yields in the area.
- Counter-cyclical payments are triggered when a crop’s price, adjusted for the fixed decoupled payment, is below the target price. The payment rate for a crop would be calculated as the difference between its target price and the sum of the following components:
  - (a) The higher of the national twelve-month season average price received by producers, or the national average loan.
  - (b) The fixed decoupled payment rate.

#### LOAN RATES, FIXED DECOUPLED PAYMENT RATES AND TARGET PRICES

Crop	\$/Unit	Loan rates	Fixed rate	Target prices
Wheat .....	Bu .....	2.58	0.53	4.04
Corn .....	Bu .....	1.89	0.30	2.78
Sorghum .....	Bu .....	1.89	0.36	2.64
Barley .....	Bu .....	1.65#	0.25	2.39
Oats .....	Bu .....	1.21#	0.025	1.47
Upland Cotton .....	Lb .....	0.5192	.0667	.736
Rice .....	Cwt .....	6.50	2.35	10.82
Soybeans .....	Bu .....	4.92	0.42	5.86
Minor Oilseeds .....	Lb .....	0.087	.0074	.1036

#### OTHER CROPS

- *Sugar*. Eliminates the marketing assessment on sugar, reduces the CCC interest rate on price support loans, authorizes a Payment-in-Kind program, reestablishes the no-net-cost feature of the program, and provides the Secretary with authority to implement allotments on domestic sugar production.
- *Dairy*. Extends the milk price support program at \$9.90 per cwt. through 2011.
- *Wool and Mohair*. Creates a marketing assistance loan program similar to the marketing loan program for other commodities. Provides producers marketing loans or loan deficiency payments. Provides a loan rate of \$1.00 per pound for graded wool, \$0.40 per pound for nongraded wool, and \$4.20 per pound for mohair.
- *Honey*. Creates a marketing assistance loan program similar to the marketing loan program for other commodities. Provides pro-

ducers marketing loans or loan deficiency payments. Provides a loan rate of \$0.60 per pound.

- *Peanuts*. Makes historic reforms to the peanut program, which will closely mirror the program for other staple crops. Provides a fixed decoupled payment at \$0.018 per pound, a counter-cyclical program with a target price of \$480 per ton, and a marketing loan at \$350 per ton. Terminates the marketing quota program and compensates the quota holders for the loss of the quota asset value at \$0.10 per pound per year for five years.

- *Fruits and Vegetables*. Provides the Secretary with sole decision authority to combat outbreaks of plant and animal diseases with emergency funds, retains planting restriction of fruits and vegetables on base acres, provides an additional \$200 million in spending authority for surplus commodity purchases under Section 32, increases the Market Access Program (MAP) by \$110 million per year, creates a Technical Assistance Specialty Crop (TASC) fund to assist with trade barriers, significantly increases EQIP funding with targeted spending for water conservation assistance, and provides \$15 million per year through 2011 for the Senior's Farmers Market Program—a program administered through States that provides vouchers, or coupons to seniors to purchase fresh fruits and vegetables at farmers markets.

## TITLE II—CONSERVATION

The conservation section devotes over \$16 billion over 10 years to soil, water, and wildlife programs. This represents over a 75% increase in baseline spending.

- Reauthorizes the Conservation Reserve Program (CRP) through 2011 with a 39.5 million-acre enrollment cap. Secretary may permit harvesting of biomass for energy on CRP acreage with a reduction in rental rate.

- Reauthorizes the Environmental Quality Incentives Program (EQIP) through 2011 at \$1.2 billion annual program level, with livestock producers receiving 50% of annual funding. In addition, a \$675 million fund is created in EQIP to address ground water conservation issues, including cost share for more efficient irrigation systems. In addition, there is explicit authority for the Secretary to implement an incentives payment program for producers of annual and perennial crops, such as tree nuts or fruits. This program places a high priority on residue, nutrient, pest, invasive species, and air quality management.

- Reauthorizes the Wetlands Reserve Program (WRP) through 2011 and provides for an additional 150,000 acres to be enrolled per year.

- Reauthorizes the Wildlife Habitat Incentives Program (WHIP) to provide cost share for landowners to enhance wildlife habitat at a program level of \$25 million annually.

- Reauthorizes the Farmland Protection Program (FPP) at a program level of \$50 million annually. Makes agricultural land that contains historic or archeological resources eligible.

- Authorizes 2 million acres in a Grassland Reserve Program to be enrolled in 10, 15 and 20 year contracts—1 million acres to native grass and 1 million acres devoted to restored grasslands.

- Provides up to \$100 million per year (up to \$850 million over the 10-year period) to provide conservation technical assistance to producers using any governmental or private contractors.
- Provides \$150 million to fund Small Watershed Dam Restoration.
- Provides producers participating in conservation programs with protection against the release of confidential information by the agency.
- Creates an advisory council for the Upper Mississippi River Stewardship Initiative. Also creates a federal interagency working group to coordinate nutrient and sediment reduction efforts in the Upper Mississippi River Basin under the Initiative.

### TITLE III—TRADE

- Reauthorizes the Market Access Program (MAP) through 2011. Increases funding by \$110 million per year (from \$90 million to \$200 million).
- Reauthorizes the Food for Progress program (FFP) through 2011. Increases transportation and administrative funds to facilitate additional food aid.
- Reauthorizes the Foreign Market Development program and increases funding to \$35 million a year through 2011.
- Reauthorizes the Export Enhancement Program (EEP) through 2011.
- Reauthorizes the Dairy Export Incentive Program (DEIP) through 2011.
- Reauthorizes the Food for Peace program through 2011.

### TITLE IV—NUTRITION PROGRAMS

- Provides \$40 million annually in additional funds for the Emergency Food Assistance Program (EFAP).
- Simplifies the application process for the Food Stamp program; improves quality control; increases standard deduction; provides a 6-month transition benefit for those leaving welfare; and simplifies State level program operations.

### TITLE V—CREDIT

- Makes improvements to the loan guarantee programs, including adjustments in the administration of the FSA credit programs to assist FSA in making, guaranteeing and servicing loans.

### TITLE VI—RURAL DEVELOPMENT

- Provides additional funds for Emergency Drinking Water Grants.
- Provides additional funds to establish a Strategic Planning Initiative to provide for regionally planned rural development pilot programs.
- Provides \$2 billion in program level funding for loan guarantees to implement the Launching Our Communities Access to Local Television Act of 2000.
- Provides \$50 million per year in funding for the Value Added Grants Program to provide grants for start-up farmer-owned value added processing facilities.

## TITLE VII—RESEARCH

- Continues the Research Initiative for Future Agricultural Systems at a program level of \$145 million per year for fiscal years 2004 through 2011.
- Reauthorizes the existing research programs.
- Improves on programs to include priority research items, such as energy efficiency and value-added agricultural production and marketing.

## TITLE VIII—FORESTRY INITIATIVES

- Creates a new Forest Land Enhancement Program by combining the existing Forestry Incentives Program and Stewardship Incentives Program. Provides funding of \$15 million per year.
- Reauthorizes the Renewable Resources Extension Act through 2011 at \$30 million annually. Also creates a Sustainable Forestry Outreach Initiative within the RREA to provide education to landowners about sustainable forestry practices.
- Reauthorizes the International Forestry Program through 2011.
- Provides the Secretary with the authority to enter into stewardship end result contracts to implement the National Fire Plan on Federal lands.
- Reaffirms the importance of the McIntire-Stennis Cooperative Forestry Act.
- Provides enhanced community fire protection by directing the Secretary to coordinate with local communities in implementing rural fire protection and control strategies. Also creates a Community and Private Land Fire Assistance Program which enables the Secretary to undertake a variety of activities aimed at preventing fires on both federal and non-federal lands.

## TITLE IX—MISCELLANEOUS

- Establishes a marketing order for cane berries.
- Increases the authorization of appropriations for socially disadvantaged farmers and ranchers from \$10 million in each fiscal year to \$25 million.
- Establishes the Advisory Council on the Upper Mississippi River Stewardship Initiative to provide guidance on the activities of the Initiative.
- Authorizes the Secretary to make grants to energy producers who use hazardous fuels extracted from forestlands as biomass for the production of electric energy, useful heat, or transportation fuels. The grants will be awarded based on the planned purchase of hazardous fuels and the level of anticipated benefit to reduce wildfire risk. The grants will amount to no less than \$5 per ton and no more than \$10 per ton of hazardous fuels delivered. There is authorized to be appropriated \$50,000,000 for each fiscal year to carry out this section.
- Instructs the Secretary to allow animal fats, agricultural by-products and oils to be included as eligible commodities under the Bioenergy Program.
- Provides that any decision made at the regional level of the National Appeals Division in favor of an appellant may not be ad-

ministratively appealed by an Agency to the Director of the National Appeals Division.

- Provides financial or seeding assistance to orchardists who have lost trees as a result of a natural disaster.

#### PURPOSE AND NEED

#### TITLE I—COMMODITY PROGRAMS

American agriculture is in an economic crisis. In 2000, crop prices were at a 27-year low for soybeans, a 25-year low for cotton, a 14-year low for wheat and corn and an 8-year low for rice. Over the past three years, net cash income fell in real dollars to its lowest point since the Great Depression. The current farm recession, in its fourth year, ranks among the deepest in our nation's history, along with the Great Depression, the post-World War I and II recessions, and the financial ruin of the 1980s.

For 2001, most projections show very little improvement in commodity prices with production expenses rising to record levels. Looking back to when Congress passed the Federal Agriculture Improvement and Reform Act of 1996, no one on either side of the aisle predicted the current malaise of high costs and low commodity prices. In fact, today's prices for wheat, corn, and soybeans are 31 percent lower than the U.S. Department of Agriculture's ("USDA") projected prices at the time the legislation was enacted.

There are many factors that have contributed to this dismal situation that are beyond the control of individual producers. American agriculture depends heavily on the strength of foreign markets for returns on commodity production. In recent months, however, worldwide demand for U.S. products has not met expectations for a variety of reasons. Repercussions are still being felt from the Asian economic crisis that began three years ago. Further, three years of worldwide good weather have created commodity surpluses all around the globe. Compounding this situation for U.S. producers is the strength of the dollar that has contributed to a substantial increase in the relative cost of U.S. commodities. In fact, USDA estimates that the value of the dollar is up 25 percent relative to our customers' currencies and up 40 percent relative to our major competitors' currencies.

In addition, domestic producers continue to compete on an uneven international playing field in light of trade barriers. Despite some progress in lowering trade barriers through the World Trade Organization, the fact remains that the average tariff on U.S. farm products in other countries is 62 percent, while the average U.S. tariff on goods coming into the U.S. is approximately 12 percent. Beyond high tariffs, our farmers also face the daunting challenge of competing with high foreign subsidies. For example, the average subsidy level in the European Union during 1997 to 1999 was \$342 per acre, while the average subsidy level in the U.S. was only \$43 per acre.

The effect of low commodity prices has been magnified in the 2001 crop year by skyrocketing energy costs. Between 1999 and 2000, U.S. producers incurred an additional \$2.4 billion in fuel costs. This is a 40 percent increase from years past. For the 2001 crop year, energy costs are expected to contribute to a \$1.5 billion increase in production expenses. Diesel prices for 2001 are expected

to average \$1.50 per gallon which is a 50 percent increase from last year. In addition, last year's rising natural gas prices have fueled sharply increased costs for irrigation and nitrogen fertilizer.

In each of the last three years, Congress has responded to the needs of American agriculture with emergency assistance. This money has provided a critical source of income for producers of contract crops and soybeans. Indeed, had Congress not provided nearly \$25 billion in supplemental assistance to farmers in the last three years, tens of thousands of farmers would have been forced out of business, having a devastating impact on rural America.

In this year's Budget Resolution, the Committee on Budget provided the Committee on Agriculture a total of \$73.5 billion for fiscal 2002 through 2011 for reauthorizing the farm bill. Additionally, \$5.5 billion was allocated to the Committee to appropriate as supplemental funding during fiscal year 2001. Due to the terms of the Budget Resolution, the Committee deemed it necessary to take action in order to fully utilize the Budget Committee's generous funds.

The need to reauthorize the farm bill a year before its expiration is immense. The comprehensive product of the Committee is a culmination of nearly two years of work. The Committee held 15 hearings on federal farm policy in 2000, 10 of which were held in rural America. Twenty-one hearings were held on the commodity title in 2001; sixteen were held by the Committee in Washington, D.C., 3 were held across the country by the Subcommittee on General Farm Commodities and Risk Management, 1 was held by the Subcommittee on Specialty Crops and Foreign Agriculture Programs, and 1 was held by the Subcommittee on Livestock and Horticulture. A common message was voiced throughout the hearings: retain planting flexibility and provide a safety net for times of low prices. Within Title I, the Committee provides producers with planting flexibility through annual decoupled assistance and a price safety net through the establishment of target prices for eligible program crops.

The Committee is hopeful that the Farm Security Act of 2001 will eliminate the need for ad hoc economic assistance to producers. The legislation includes a carefully crafted counter-cyclical mechanism that seeks to provide assistance during price-deficient crop years. The Committee believes this is fiscally responsible and that this mechanism provides a more predictable safety net for Congress, lenders, and producers.

The U.S. cotton industry is particularly sensitive to the effects of an appreciating dollar because of its impact on imports of cotton textile and apparel products. Some believe that the strong appreciation of the dollar since the mid-1990s has significantly lowered the price of foreign-produced textiles and apparel in the U.S. market, increasing the competitive advantage of foreign firms at the expense of U.S.-based enterprises; such is evidenced through the drop in mill consumption. During Committee consideration, Mr. Hayes offered and withdrew an amendment to eliminate the 1.25-cent threshold currently used in the calculation of Step 2 payment rates. The adjustment would have effectively reduced the cost of raw cotton to domestic textile manufacturers and would have enabled shippers to price U.S. cotton more aggressively for export. Had it been adopted, the amendment would have been a step to-

ward offsetting the adverse effects of a strong dollar. A number of Committee Members voiced their concern on the adverse effects of a strong dollar and hoped that attention would be given to the issue.

The price of milk to dairy producers in the United States has been supported continuously for over 50 years since the enactment of the Agricultural Act of 1949. Since 1981, the support level has been established by Congress either at specific price levels, or by formula tied to anticipated Commodity Credit Corporation (CCC) dairy product purchases. The current support price of \$9.90 per hundredweight for milk containing 3.67 percent milkfat has been in effect since January 1, 1999.

To carry out the price support program, the CCC offers to buy cheese, butter and nonfat dry milk at announced prices, thus providing a floor for dairy product prices. The Secretary of Agriculture establishes the purchase prices for each product to enable plants of average efficiency to process and market products to CCC and pay, on average, producers the announced support price. The CBO estimated cost of extending the price support program is \$773 million over 10 years.

The government assists dairy exports through the Dairy Export Incentive Program (DEIP). The program is used to help U.S. dairy products meet competition from subsidizing countries, especially the European Union. Products eligible for DEIP are milk powders, butterfat and cheese. The DEIP is currently authorized through December 31, 2002.

DEIP sales are made by private firms. Upon contacting a potential buyer, the prospective exporter submits a bid to USDA requesting a cash bonus that would allow the sale to take place. If accepted by USDA the bonus is paid after the exporter provides evidence that the dairy product has been exported. Estimated outlays under the Dairy Export Incentive Program, based on the April 2001 CBO baseline are anticipated to be \$982 million over 10 years.

The Fluid Milk Promotion and Education Program (also known as MilkPEP) has contributed to slowing the decades-long erosion in milk consumption and positioned the milk industry to better compete with soft drinks and other competitive beverages. Through the MilkPEP program, fluid milk processors invest about \$110 million annually in generic advertising and promotion activities to promote consumption of beverage milks. The program, which has been in effect for six years, works in close coordination with the dairy producer promotion program to maximize the effectiveness of dollars spent to enhance milk sales.

Recently, the MilkPEP program has been successful in developing long-term partnerships with major companies such as AOL and Disney, which provide marketing tools never before available to assist milk companies in marketing their products. MilkPEP has created new opportunities to make milk more available, such as in recent work to position milk vending machines in schools.

The Dairy Market Enhancement Act of 2000 provides that the Secretary of Agriculture shall establish a program of mandatory dairy product information reporting that will provide timely, accurate, and reliable market information. In addition to a reporting program relating to price, quantity, and moisture content of dairy products which has been implemented, the Act's mandatory report-

ing program relates to the quantity of dairy products being stored. To date, the Department of Agriculture has not established a program of mandatory stored dairy products reporting presumably due to questions concerning the authority to establish reporting requirements for substantially equivalent dairy products.

The Dairy Production Stabilization Act of 1983 (Dairy Act) authorized a national producer program for dairy product promotion, research, and nutrition education to increase human consumption of milk and dairy products and reduce milk surpluses. Under the program promotion and research is conducted to strengthen the dairy industry's position in the marketplace and to maintain and expand domestic and foreign markets and uses for fluid milk products and dairy products produced in the United States.

This self-help program is funded by a mandatory 15-cent-per-hundredweight assessment on all milk produced in the contiguous 48 States and marketed commercially by dairy farmers. The Dairy Act provides that dairy producers can direct up to 10 cents per hundredweight of the assessment for contributions to qualified regional, State, or local dairy product promotion, research, or nutrition education programs.

Dairy checkoff revenue from the 15-cent-per-hundredweight producer assessment was \$246 million for 2000.

## TITLE II—CONSERVATION

The conservation title of this legislation includes more than \$16 billion over ten years for conservation programs. This represents a 75% increase in spending on conservation opportunities for America's farmers and ranchers. The commitment of this Committee to conservation, as signified by such an increase, is prompted by several factors. First, conservation programs have experienced extreme popularity with farmers in recent years. Many of the programs developed during the 1990 and 1996 farm bills such as the Environmental Quality Incentives Program ("EQIP"), the Wetlands Reserve Program ("WRP") and the Wildlife Habitat Incentives Program ("WHIP") are oversubscribed by a factor of four. This level of popularity was then affirmed throughout the numerous hearings this Committee has held over the past year, both on Capitol Hill and throughout all regions of the country. There, farmers repeatedly indicated their support for voluntary, incentive-based conservation programs which will support them in their efforts to be good stewards of the land.

Second, as conservation programs have become popular with farmers they also have become important to taxpayers. The Committee's action in this legislation responds to consumer demand not only for a cheap, high-quality food supply but also for a clean environment.

Third, the scope and range of environmental challenges facing producers have expanded. Back when the Committee adopted the current swampbuster and sodbuster provisions in the 1985 Farm Bill, the focus and concern of conservation policy was soil erosion. Today, the livelihoods of farmers and ranchers are threatened by many additional environmental demands such as water and air quality. The substantial increase in funding for conservation programs in this package will enable producers to respond to these imminent challenges.



Beyond the decision to markedly increase funding for the conservation title, the Committee was faced with an additional consideration of whether to create a new set of programs designed to address current conservation issues or to provide funding to and correct problems in the administration of existing programs. After careful review of the testimony provided at the various hearings held by this Committee to review farm policy, the Members determined that there was no need to create a new program. At the same time, however, the Members also concluded that there were serious shortcomings in several of the existing programs. For example, last year over 20% of the money provided to producers for the EQIP program went to administrative and technical assistance costs. Recognizing that such circumstances dramatically reduce the actual dollars getting to farmers and ranchers, the Committee has established a technical assistance fund to meet the needs of producers without cutting into the money actually provided for enrollment in the program. Through this change and similar adjustments to other programs as well as the substantial increase in funding levels, the Committee believes that this legislation provides a meaningful starting point for meeting the conservation needs of a significant number of agricultural producers.

### TITLE III—TRADE

#### *Section 301. Market Access Program*

The purpose of the Market Access Program (MAP) is to aid in the creation, expansion, and maintenance of foreign markets for U.S. agricultural products. MAP forms a partnership between non-profit U.S. agricultural trade associations, U.S. agricultural cooperatives, non-profit state-regional trade groups, small U.S. businesses, and USDA's Commodity Credit Corporation to share the costs of overseas marketing and promotional activities such as consumer promotions, market research, trade shows, and trade servicing.

Each year, MAP helps launch and expand sales of U.S. agricultural, fish, and forest products overseas. USDA has approved MAP proposals to promote a wide variety of U.S. commodities in almost every region of the world. Among those U.S. food and fiber products are apples, asparagus, canned peaches and fruit cocktail, catfish, cherries, citrus, cotton, dairy products, dry beans, eggs, feed grains, frozen potatoes, grapes, honey, hops, kiwifruit, meat, peanuts, pears, pet food, pistachios, poultry meat, prunes, raisins, rice, salmon, soybeans, strawberries, sunflower seeds, surimi, tallow, tomato products, walnuts, watermelons, and wheat.

The Committee determined that it is important to further expand and help create additional foreign markets for U.S. agriculture products and therefore increased funding for MAP to \$200 million per year for the period from 2002 through 2011. The Committee received testimony that an expansion of MAP is needed for the economic growth of U.S. agriculture. U.S. fruit and vegetable producers face significant obstacles in the development of export markets for the products. Some of these obstacles are significant because of the perishable nature of the fruit and vegetable products and the level of support provided by foreign governments.

The United States is outspent by more than 20 to 1 by foreign competitors spending money on export promotion and export sub-

sidies, according to USDA. As a marketing and promotion program, MAP is exempt from World Trade Organization (WTO) reduction commitments.

A study prepared for the National Association of State Departments of Agriculture found that 83% of the cases reviewed showed reliable evidence that the market share increased or market share loss was avoided as a result of MAP activities. In addition significant progress was found in eliminating or reducing constraints on U.S. exports due to MAP.

The 1993 Agricultural Reconciliation Act provides that no MAP funds may be used to develop, maintain, or expand foreign markets for tobacco. The Committee adopted an amendment that excludes leaf tobacco from that provision.

Puerto Rico specialty crops include crops such as mangoes that do not have significant markets in the United States, but represent prime products for export to Europe. It is important for the USDA to look beyond just the traditional specialty crops, to tropical crops such as mangoes for participation in the Market Access Program. The Committee urges the Secretary to provide technical assistance and financial support for the Puerto Rico Department of Agriculture to support the market promotion of specialty crops, such as but not limited to, mangoes grown in Puerto Rico.

#### *Section 302. Food for Progress*

The purpose of the Food for Progress program is to finance the sale and export of agricultural commodities on credit terms, or on a grant basis, to support developing countries and countries that are emerging democracies and have made commitments to introduce or expand free enterprise elements into their agricultural economies. Under the Food for Progress program, commodities may be provided under the authority of P.L. 480, Title I, or Section 416(b). Under certain conditions, the Commodity Credit Corporation (CCC) may also purchase commodities for use in Food for Progress programs if the commodities are currently not held by CCC. For commodities furnished on a grant basis, the CCC may pay, in addition to acquisition costs and ocean transportation, such related commodity and delivery charges.

The Food for Progress program is currently limited by a global 500,000 metric ton ceiling, by a \$30 million cap on non-commodity costs (primarily transportation) and by a \$10 million cap on administrative expenses.

The Committee recognizes the need for this program, since its inception in the 1985 Food Security Act, and the benefits of this program. The goals of the program include making use of the food resources of United States agriculture in order to support countries that are committed to policies that promote economic freedom, private, domestic production of food commodities for domestic consumption and the creation of and expansion of domestic markets for the purchase and sale of these commodities.

The Committee determined that the amount of commodities provided through the Food for Progress program should increase and thereby increases the limit on transportation cost to \$35 million per year and administrative costs to \$12 million per year so that additional commodities may be allocated to eligible countries. In addition, since the Food for Progress program allows the use of

commodities from P.L. 480, Title I, the Committee makes clear the limitation on commodities for Food for Progress does not apply to the commodities from P.L. 480, Title I that are used under the Food for Progress program.

Efficient administration of the Food for Progress program is essential and therefore the Secretary is encouraged to make determinations regarding final program agreements and requests for this program before the beginning of the fiscal year. The Committee directs the Secretary to report, by November 1 of each fiscal year, on the programs, countries and commodities approved for the Food for Progress program for that fiscal year. Additionally the Secretary will include in that report the amount of funds approved for transportation and administrative costs.

### *Section 303. Export Enhancement Program*

The Export Enhancement Act (EEP) is reauthorized at the current level of \$478 million through fiscal year 2011.

The EEP was announced by USDA on May 15, 1985, and is operated under authority of the Agricultural Trade Act of 1978 as amended, the Uruguay Round Agreements Act and the Federal Agriculture Improvement and Reform Act of 1996.

The EEP helps products of by U.S. farmers meet competition from subsidizing countries, especially the European Union. Under the program, the USDA's goal is to allow U.S. farmers to sell their products in targeted countries and to expand U.S. agricultural exports while challenging unfair trade practices by our competitors. Through this program, sales of U.S. agricultural products are made that would not otherwise have been possible because of subsidized prices offered by competitor countries.

The Committee received testimony that encouraged the USDA to use the EEP, despite its lack of significant use since 1995. Since the predatory practices of the EU and other competitors still exist in the global marketplace, it is vital to maintain the use of the EEP.

According to a May 11, 2000, World Trade Organization report on export subsidies, the European Union is the largest user of export subsidies. In 1998, the EU spent almost \$6 billion on export subsidies or 90.1% of the world total, compared to U.S. spending of \$147 million or 2.2% of the world total.

Commodities eligible for EEP include wheat, wheat flour, rice, frozen poultry, barley, barley malt, table eggs and vegetable oil.

### *Section 304. Foreign Market Development Cooperator Program*

The Foreign Market Development (Cooperator) Program uses Commodity Credit Corporation (CCC) funds to aid in the creation, expansion, and maintenance of long-term export markets for U.S. agricultural products. The program is a trade promotion partnership between USDA and U.S. agricultural producers and processors, who are represented by nonprofit commodity or trade associations called Cooperators. Under this partnership, USDA and the Cooperator pool their technical and financial resources to conduct overseas market development activities. Overseas promotions focus on generic U.S. commodities, rather than individual brand-name products, and are targeted toward long-term development. In 2001,

Cooperators and U.S. industry resource contributions totaled 116% of the funds provided by USDA.

Specific program activity includes market research (including research on demographics and the economic situation in foreign markets), trade servicing, and technical assistance in support of high-volume bulk commodities. U.S. competitors in the Cairns Group increased spending on market development from \$282 million to \$592 million between 1995 and 1998, and increased their market share by over 2% (versus a decline in U.S. market share of about 2%). The Committee received testimony that without an adequately funded Cooperator program, participants would have to curtail activities in several promising markets, including Syria, Jordan, Eastern Europe, and Taiwan. Increased funding for the Cooperator program is provided to meet increased competition from foreign competitors and to enable Cooperators to maintain and expand market opportunities for their products.

The Committee adopted an amendment designed to promote value-added products through the Cooperator program and to broaden the mission of the program by directing that significant emphasis be placed on value-added U.S. agricultural products for emerging markets. The Secretary is required to report each year to Congress detailing the amount and type of funds provided; the value-added products that have been targeted; and the markets for those products that have been developed. This report will assist in determining where and how this program is benefiting and promoting value-added products.

#### *Section 305. Export Credit Guarantee Program*

The Export Credit Guarantee Program is reauthorized at current levels through 2011. In addition, CCC will continue to ensure that not less than 35% of the monies spent on export credit guarantee programs be spent on processed and high-value products from 2002–2011.

USDA operates three export credit guarantee programs, with total export sales totaling approximately \$3 billion in fiscal year 1999 (In statute, it is stated that CCC shall make available for each year not less than \$5.5 billion in export credit guarantees). The Committee is concerned that GSM usage continues well below the statutory minimum of \$5.5 billion in guarantees required each year. The Committee urges USDA to aggressively utilize GSM guarantees in accordance with law to maximize the program's enhancement of U.S. agricultural exports.

USDA's GSM-102 Export Credit Guarantee Program and the GSM-103 Intermediate Export Credit Guarantee Program both underwrite commercial financing of U.S. agricultural product exports to countries where credit might otherwise be difficult to obtain. Under these programs, USDA provides a guarantee to U.S. banks willing to finance such transactions for exporters shipping U.S. products on credit to foreign importers in eligible countries. GSM-102 covers credit terms of up to 3 years, and GSM-103 covers longer terms of up to 10 years.

Unlike GSM-102 and GSM-103, the Supplier Credit Guarantee Program guarantees short-term credit extended by U.S. exporters directly to their foreign customers. Credit terms cannot exceed 180 days. USDA recently increased guarantee coverage under the Sup-

plier Credit Guarantee Program from 50% to 65% of the credit made available. U.S. exporters have expressed concern that coverage levels need to be increased to at least 85% of the credit made available for the program to effectively enhance U.S. exports, especially in the face of higher coverage levels offered by our trade competitors. The committee encourages the Secretary to review the Supplier Credit Guarantee Program to determine whether (1) additional increases in coverage, or (2) an increase in the authorized tenor, would enhance exports and program utilization.

The export credit guarantee programs, GSM-102 and GSM-103, were designed to facilitate sales of United States agricultural exports and have always enjoyed the enthusiastic support of the Committee.

The ongoing negotiations in the Organization for Economic Cooperation and Development (OECD) raise several concerns about whether these programs will remain viable for supporting exports of United States agricultural products. Shortening the maximum repayment terms and increasing the premiums for the USDA credit guarantee programs, among other changes contemplated in the negotiations, will significantly reduce the use of these programs. More important, these OECD negotiations are not the end of discussions and negotiations on export credit guarantees. It is fully anticipated that this issue will be part of the World Trade Organization (WTO) negotiations. This means that USDA export credit guarantee programs could be significantly cut in the OECD negotiations and cut again in the WTO negotiations. In fact, the current OECD proposal directs the United States and other OECD countries to continue negotiations on export credit guarantees in the WTO.

The Committee is concerned that the changes contemplated in the OECD proposal may damage U.S. agricultural exports. That concern is exacerbated by the possibility that export credit guarantee programs could undergo further cut backs in the WTO.

United States exporters currently face unfair competition from state trading enterprises and export subsidies by foreign competitors. An agreement that weakens U.S. export credit guarantee programs will harm agriculture here at home.

#### *Section 306. Food for Peace (PL 480)*

P.L. 480 is intended to combat hunger and malnutrition; promote broad-based equitable and sustainable development, including agricultural development; expand international trade; develop and expand export markets for United States agricultural commodities; and to foster and encourage the development of private enterprise and democratic participation in developing countries. The Committee has reauthorized P.L. 480 to meet continuing needs around the world for food and development assistance.

#### *Section 307. Emerging markets*

The program for the promotion of agricultural exports to emerging markets is reauthorized at the current level to ensure that not less than \$1 billion be available from the Commodity Credit Corporation (CCC) for direct credits and export credits under the emerging markets program from 2002 to 2011.

The legislation extends the authorization for up to \$10 million per year be provided from CCC to support the E (Kika) de la Garza

Agricultural Fellowship Program. The program is intended to develop agricultural markets in emerging markets and to promote cooperation and exchange of information between agricultural institutions and agri-businesses in the United States and emerging markets.

*Section 308. Bill Emerson Humanitarian Trust*

The purpose of this section is to provide for a trust solely to meet emergency humanitarian food needs in developing countries. The Secretary of Agriculture is required to establish a trust stock of wheat, rice, corn, or sorghum, or any combination of the commodities totaling not more than 4,000,000 metric tons.

The program is reauthorized through 2011.

*Section 309. Technical assistance for specialty crops*

The Committee is establishing a new program to address the barriers to exports that United States producers of specialty crops face. Obstacles to the development and enlargement of export markets for these producers include high tariffs, foreign subsidies and nontariff trade barriers. Therefore the Committee is providing \$3 million for the years 2002 through 2011 for the purpose of direct assistance and technical assistance to remove, resolve or mitigate sanitary and phytosanitary and other barriers to trade for producers of United States specialty crops.

The use of these funds is directed to projects based on market retention, market access and market expansion and on the impact on trade. Examples of such projects include research, risk assessments and technical training activities to facilitate increased U.S. exports.

The Committee recognizes that producers of specialty crops face significant challenges, especially in the global marketplace. The purpose of this new program is to provide the means and methods to address these challenges.

The Committee recognizes the difficulty posed to the U.S. wheat gluten industry by high European Union tariffs and encourages this issue to be addressed in trade negotiations.

#### TITLE IV—NUTRITION

The purpose of the food stamp program is to safeguard the health and well being of the U.S. population by raising the level of nutrition among low-income families. Increased utilization of food in establishing and maintaining adequate levels of nutrition promotes the distribution in a beneficial manner of the U.S. agricultural abundance and strengthens the national economy. The food stamp program, the Nation's largest food assistance program, seeks to ensure access to an adequate diet and the fruits of a productive agricultural economy to all eligible Americans.

The Committee heard testimony that some food stamp rules and procedures may operate to thwart or make participation difficult for those who are eligible. Testimony highlighted a number of changes to simplify the program, give states greater flexibility, remove unnecessary barriers to participation, and increase assistance to working families.

*Section 401. Simplified definition of income*

The food stamp program is simplified for administrators and applicants/recipients by permitting greater conformity between the rules used in the food stamp program to count income and those used in states' Temporary Assistance for Needy Families (TANF) and Medicaid programs. One-quarter of food stamp households still receive TANF assistance and well over half are covered by Medicaid. Specifically, states are permitted, within basic limits, to exclude any types of income they do not consider when judging eligibility for TANF cash assistance or those required to be covered by Medicaid.

*Section 402. Standard deduction*

The standard deduction, currently set at \$134 per month is increased based on household size. For example, the standard deduction for a household of four persons would go from \$134 a month to \$143, and the standard deduction for a five-person household would rise from \$134 a month to \$167.

*Section 403. Transitional food stamps for families moving from welfare*

States are allowed to provide "transitional food stamp benefits" to families leaving TANF. Families leaving TANF are provided the food stamp benefit they were receiving when they left TANF, for six months. This provision simplifies the process for administrators and recipients and provides recipients a 6-month benefit after leaving TANF for work or for other reasons without having to go through food stamp recertification process until they have established themselves in a job.

*Section 404. Quality control systems*

The Food Stamp program's quality control (QC) system would be eased. Through annual sample surveys, this system measures the degree to which states make erroneous eligibility and benefit decisions and assigns states percentage "error rates" reflecting the dollar value of those decisions. These error rates are then used to assess fiscal penalties on states with high rates, and the state is required to reinvest the amount in administrative improvements aimed at lowering their error rate. The error rates also are used to grant states with low error rates a larger federal matching percentage for their administrative costs.

Under the existing QC rules, 21 to 24 states have been assigned penalties each year in recent years. Witnesses before the Committee have argued that only those with major problems should be subject to QC penalties, not nearly half the states every year.

The Committee bill raises the threshold above which states are penalized under the QC system to the national average total payment error rate plus 1 percentage point and change the rules so that states would only be sanctioned in the third consecutive year in which they exceeded the threshold. It also ensures that the error rate used to measure a state's performance is the one with the most statistical confidence—the so-called "lower bound" rate. To reward superior performance to applicants (meeting application processing deadlines and keeping a low rate of improper denials of eli-

gibility), the Committee bill establishes excellence bonus payments totaling \$10 million a year for the top performing states.

#### CURRENT FOOD STAMP QUALITY CONTROL PROGRAM

The food stamp program incorporates a quality control (QC) system designed to enhance payment accuracy by establishing fiscal incentives that require states with high error rates to share in the cost of payment errors and provide enhanced funding to states with the lowest error rates. Each year, states whose total payment error rate is less than 6% receive an enhanced federal match for administrative costs—up to 60%, rather than the normal 50%. A state's federal match is increased by one percentage point (above 50%) for each full one-tenth of a percentage point its total payment error rate is below 6%—up to a maximum match of 60%.

States whose total payment error rate is between 6% and the national performance measure receive no special treatment. They do not receive an enhanced federal matching payment for administrative costs, nor are they assessed fiscal penalties.

Each year, states whose total payment error rate is above the national performance measure are assessed fiscal penalties. These sanctions are figured as follows.

First, the state's potential total penalty amount is calculated. This is the difference between its total payment error rate and the national performance measure, multiplied by the dollar value of food stamp benefits issued in the state for the year. Thus, if the national performance measure is 9% and the state's total payment error rate is 12%, it has a potential liability of 3% of benefits issued in the state.

Then, the state's actual penalty/sanction is calculated. This assessment is "scaled" according to how far above the national performance measure the state's total payment error rate is. Thus, if a state's payment error rate is 12% and the national performance measure is 9%, it is 33% percent above the national performance measure. In this case, the actual penalty/sanction assessment would be 33% of the total potential liability of 3% of benefits issued in the state.

Finally, the U.S. Department of Agriculture has established a policy whereby the assessed penalty is reduced for states with high percentages of households with earned income, containing one or more members who are noncitizens, or both, because these types of households tend to be error prone.

#### QUALITY CONTROL DEFINITIONS

A "total payment error rate" is the sum of the percentages of benefits found (by quality control sample surveys for a given year) to have been (1) issued to ineligible households and (2) overissued to eligible households, plus the value of benefits due but not issued to eligible households expressed as a percentage of all benefits issued.

The "national performance measure" is the national average of states' total payment error rates, weighted by states' shares of total allotments issued.

States' total payment error rates and the national performance measure are "point estimates." Because only a sample of households, rather than all food stamp households, is used to determine



food stamp error rates, they are estimates of the true error rate and subject to sampling error. The amount of error in these estimates can be stated in terms of probabilities. It is possible to say that one can be 95% confident that the true error rate in a state falls between two percentage values—the point estimate is the midpoint between these two values. This range is called the confidence interval of an estimate. The “lower bound”—which can be used instead of the point estimate—is the lowest percentage value within the range of error rates that one can have 95% confidence in.

#### COMMITTEE REPORTED FOOD STAMP QUALITY CONTROL PROGRAM

The Committee revises current QC rules in several ways. The threshold that must be passed before a state is assessed a fiscal penalty is increased to the national performance measure plus one percentage point. When judging whether a state might be assessed a penalty, the lower bound of the state's total payment error rate is used (instead of the point estimate). States are not subject to an assessed penalty until the third consecutive year in which the lower bound of their total payment error rate exceeded the national performance measure plus one percentage point. When a state's actual penalty/ sanction assessment is determined, (1) its total potential liability is measured by the extent to which its point estimate rate exceeds the national performance measure plus one percentage point and (2) the assessment is scaled according to how far above 10% its total payment error rate (point estimate) is.

The new QC system works in the following way. Each year states' total payment error rates would be tested to determine whether the lower bound of their total payment error rate exceeded the national performance measure plus one percentage point. In the third consecutive year in which this occurred for a given state, it is assessed a sanction (for that year). The sanction is calculated as follows.

- First, the state's potential total penalty amount is calculated. This is the difference between its total payment error rate (point estimate) and the national performance error measure plus one percentage point, multiplied by the dollar value of food stamp benefits issued in the state for the year. Thus, if the national performance measure is 9% and the state's total payment error rate is 12%, it has a potential liability of 2% of benefits issued in the state (12% compared to 9% plus one percentage point).

- Then, the state's actual penalty/sanction is calculated. This assessment would be “scaled” according to how far above 10% the state's total payment error rate (point estimate) is. Thus, if a states' payment error rate is 12%, it is 20% above the 10% measuring point. In this case, the actual penalty/sanction assessment would be 20% of the total potential liability of 2% of benefits issued in the state.

In addition to the changes in the current error rate sanction system, the Committee adds new performance provisions. The Secretary is required to measure states' performance in complying with requirements for expedited (7-day) and regular (30-day) processing of food stamp applications. The Secretary is also required to measure the percentage of each state's negative eligibility decisions that are made correctly. Then, for each fiscal year, the Secretary is directed to make “excellence bonus payments” (of \$1 million

each) to the five states with the highest combined performance under the two new performance measures and five additional “excellence bonus payments” to the five states whose combined performance under the two new measures most improved during the year.

However, for any fiscal year in which the Secretary determines that the lower bound estimate of a state’s performance in either of the two new measures is substantially worse than the Secretary deems “reasonable” (for other than good cause), the bill requires that the Secretary investigate the state’s administration of the food stamp program. If there is a finding that the state’s administration has been deficient, the Secretary must require the state to take prompt corrective action.

The changes in the current error rate sanction system are effective for FY2000 and later years. The new performance provisions apply to FY2002 and later years.

*Section 405. Simplified application and eligibility determination process*

The Committee recognizes that state innovation may be a key to improving and simplifying the food stamp program. Therefore the Committee establishes a \$10 million-a-year grant program for state agencies to develop and implement simplified application and eligibility determination systems.

*Section 406. Authorization of appropriations*

The Committee reauthorizes several programs, including the food stamp program. In addition, the program for Community Food Projects is reauthorized and funding for this program is increased to \$7.5 million per year through 2011. This program is a community based program that is designed to meet the food needs of low-income families, to increase the self-reliance of communities in providing for their own food needs, and to promote comprehensive responses to local food, farm and nutrition issues.

The Emergency Food Assistance Program (TEFAP) supports local emergency feeding organizations, such as food banks, soup kitchens and shelters, churches and food pantries, by offering donated foods to lower-income families and individuals. It also helps the farm economy by acquiring surplus agricultural products that are then donated to TEFAP agencies. TEFAP has proved successful in fulfilling its missions, but increased demand and the key role federal funding for distribution costs play in the emergency food assistance network demonstrate a need to increase TEFAP. TEFAP was last reauthorized in 1996, at which time \$100 million a year was set aside for purchasing food specifically for the program. This \$100 million a year is supplemented by “bonus” commodities acquired by the Department in support of the agricultural economy, e.g., \$162 million worth in FY2000, and, to an even larger degree, private donations to food banks and other emergency food providers.

According to a recent USDA study, reported demand for food assistance at soup kitchens and food pantries has increased by between 4% and 7% a year since 1997. This picture of increased demands on the emergency food assistance network is supported by testimony at hearings by the Subcommittee on Department Operations, Oversight, Nutrition, and Forestry. Witnesses at sub-

committee hearings noted that covering the cost of distributing the growing amount of federally and privately donated commodities handled by state and local emergency food providers is proving to be a significant problem. TEFAP funding for distribution expenses can be used to pay for storage, transportation, and distribution costs associated with both federally and privately donated foods.

The Committee reauthorizes and increases funding for TEFAP—setting aside \$140 million a year out of Food Stamp Act appropriations. In addition, it earmarks \$10 million of these funds for direct and indirect costs associated with processing, storing, transporting and distributing both commodities donated by USDA and those secured from other sources, such as gleanings. This \$10 million a year is in addition to the regular appropriation for distribution costs authorized under the Emergency Food Assistance Act, although it would be allocated to states in the same manner. Appropriations for distribution costs under the Emergency Food Assistance Act authorization (also extended by the Committee bill) have typically been \$45–\$50 million a year and would be expected to continue.

#### OTHER NUTRITION PROGRAMS

The Committee bill also extends authority for several other food assistance programs through FY2011. Funding for Puerto Rico's inflation-indexed nutrition assistance block grant is reauthorized. American Samoa's \$5.3 million a year nutrition assistance grant is renewed. The authorities for the Commodity Supplemental Food program and the Food Distribution Program on Indian Reservations are renewed.

The Committee expects the USDA Center for Nutrition Policy and Promotion to conduct ongoing research into the U.S. dietary guidelines, including changes to and promotion of the Food Guide Pyramid and related materials.

#### *Section 461. Hunger Fellowship Program*

The Committee establishes the Congressional Hunger Fellows Program, as a memorial for the Honorable Bill Emerson, the late Representative from the 8th District of Missouri and a former member of this Committee and the Honorable George T. (Mickey) Leland, the late Representative from the 18th District of Texas. The purpose of the Fellowships is to develop and train future leaders of the United States to pursue careers in humanitarian service.

#### TITLE V—CREDIT

The credit titles of omnibus farm bills over the years have contained extensive amendments to the agricultural credit statutes under the Committee's jurisdiction. U.S. agriculture requires dependable sources of credit at reasonable rates. Whenever those resources have been lacking, Congress has responded generally by increasing the availability of loan funds to farmers and ranchers and beginning and socially-disadvantaged farmers and ranchers who have historically had difficulty in the credit markets. During some periods, for example in the mid-1980s, Congress has responded to especially difficult economic times by providing debt relief or other assistance to assist agricultural producers through the downturn in the farm economy.

Over the last several years of historic commodity price declines, agricultural lenders have not been stressed as would be expected from the Committee's experiences during earlier farm economic downturns. The Committee has heard from many bankers and cooperative lenders who have suggested that the state of their farm lending portfolios has been aided by extra financial assistance from the Congress. As pointed out in recent testimony, the Farm Service Agency portfolio also is in sound shape when compared with its history of high delinquency rates and numerous defaults, bankruptcies and foreclosures. While the stress in U.S. agriculture goes on unabated, it has not yet translated to the lending sector, and, thus, Congress has taken a cautious approach in dealing with agricultural credit matters in this farm bill.

The credit title contained in the Farm Security Act of 2001 makes a few minor improvements to the loan guarantee programs used by bankers and cooperative lenders. It also provides some necessary adjustments to the administration of the FSA credit programs that should assist FSA in making, guaranteeing and servicing loans throughout its portfolio.

#### TITLE VI—RURAL DEVELOPMENT

The rural development programs of the U.S. Department of Agriculture are comprehensive in that they provide infrastructure programs such as water and sewer loans and grants, loan guarantees through the Business and Industry loan guarantee programs for business and cooperative development to create jobs in rural areas, and provide a number of other loan and grant opportunities to help revitalize rural America.

Although the Committee fully supports these much needed programs to build the facilities that attract businesses and keep people in our small towns and rural communities, the Committee also understands that to keep rural America moving forward a set of new programs or expansion of existing programs will be helpful for the future.

The Committee sought to advance legislation that would assist in providing broadband services to rural areas, to increase funding for value-added agricultural production, processing and marketing and to assist rural communities that may be having difficulty meeting its drinking water needs now or in the future.

Even though the Committee was hampered by jurisdictional concerns in the House, which meant that language funding broadband services in rural areas did not make it into final bill language, the Committee still believes advanced digital communications is paramount to a vibrant rural economy and hopes that funding for such activities can be accomplished at a later time.

The Committee also has provided language to assist the strategic planning process for rural development and has increased the availability of business and industry loans to farmer cooperatives.

#### TITLE VII—RESEARCH AND RELATED MATTERS

The Agricultural Research, Extension, and Education Reform Act of 1998 authorized agricultural research, education, and extension programs through 2002. Reforms enacted as part of the Agricultural Research, Extension, and Education Reauthorization Act of

1998 established peer and merit review requirements for USDA funded research and extension projects. This Act also required institutions receiving formula funds from USDA to prepare annually a “Plan of Work” insuring adequate input from stakeholder organizations for current and future research and extension programs.

While most organizations agree that investment in research should remain a priority for public funding, the need to maintain balanced federal budgets will limit the resources available for Agricultural research, education, and extension. Likewise, the public desire for accountability demands more emphasis on *role definition* and *coordination* between the various groups.

The Secretary of Agriculture coordinates USDA research, education, and extension. Federal funds are distributed to four agencies under the direction of the Undersecretary for Research, Extension and Economics: the Cooperative State Research, Education, and Extension Service (CSREES), Agricultural Research Service (ARS), Economic Research Service (ERS), and the National Agricultural Statistics Service (NASS).

Of the approximately \$2.1 billion in federal money spent in FY01 on agricultural research, education, and extension programs, about 46% is spent on state-level programs through CSREES, 43% is spent on in-house research programs conducted by the ARS, 3% is directed to economic research conducted in-house by ERS, 5% is spent on statistical services conducted by the NASS, and 3% is used for buildings and facilities.

Beginning in the 1850’s, Congress recognized the importance of agriculture to the American economy. To meet the needs of the nations largely rural population and farm-based economy, Congress began passing a series of bills designed to promote agricultural development. Four major pieces of legislation were the Morrill Act of 1862, the Second Morrill Act of 1890, the Hatch Act of 1887, and the Smith-Lever Act of 1914.

In 1862, Congress passed the “First Morrill Act” in order to “promote education in agriculture and the mechanical arts.” Under this Act, each state was given public lands, provided that the lands be sold or used for profit, and the proceeds used to establish at least one agricultural college (land grants for the establishment of colleges of agriculture and mechanical arts were also later given to U.S. territories and the District of Columbia).

Public universities existed already in some states; however, most states responded to the First Morrill Act by legislating new agricultural and mechanical arts colleges rather than endowing existing state institutions. The act gave rise to a network of often poorly financed colleges known as “1862’s.” The Second Morrill Act, passed in 1890 however, provided for an annual appropriation to each state to support its land grant college.

In addition to providing funds for education at land grant colleges, the act of 1890 specifically forbade racial discrimination in admissions. A state could escape the discrimination clause only if separate institutions were maintained and the funds divided in a “just” manner. Thus, the 1890 act led to the establishment of a group of historically black land grant institutions. Today, there are 18 “1890’s” located in southern states with an appropriation of approximately \$32.6 million in FY01 in formula funds and \$9.5 million for capacity building grants.

Over the decades, as the U.S. economy grew and changed, so did the nature and demands for education and scientific pursuit. As more and more U.S. citizens began to attend college, most colleges of agriculture were transformed into full-fledged universities.

Today, although many land grant universities are still known for their agricultural college roots, others have little agricultural identity and students are rarely from farm families.

Currently, in addition to the 59 1862's and 18 1890's, there are 15 non-land-grant colleges that obtain USDA funds primarily through forestry and natural resource programs authorized under the McIntire-Stennis Act (\$21.9 million in FY01), and 30 tribal colleges which were afforded land grant college status under the Elementary and Secondary Education Re-authorization Act of 1994 (\$1.5 million in FY01 in formula funds and \$1 million for 1994 research programs).

The 1862 Morrill Act gave land grant colleges their mandate to teach. In 1887, recognizing the need for research in the agricultural sciences, Congress passed the "Hatch Act" to provide money to each state for the purpose of establishing, within the land-grant college, an Agricultural Experiment Station.

Today, State Agricultural Experiment Stations (SAES) operate in conjunction with and, in almost all cases, on locations at colleges of agriculture. Most faculty at land grant colleges of agriculture have SAES appointments. This grants them access to "Hatch" research funds administered by USDA-CSREES and distributed to the SAES's on a formula basis. The FY01 Appropriation Bill provided approximately \$180.5 million for Hatch Act formula funds.

In 1914 extension joined teaching and research as the third major mission when Congress passed the "Smith-Lever Act." Under this act, a Cooperative Extension Service was created to aid in disseminating to the public useful and practical information about subjects relating to agriculture and home economics and to encourage its application.

Under the Authority of this act, the land-grant colleges and USDA were to cooperate in extension work, which was to consist of instruction and practical demonstration in agriculture and home economics to persons not attending the land-grant college. Information was to be supplied through field demonstration.

Agricultural extension was designed at the outset to be a cooperative program. As a result, funding for these programs has been a joint venture between the federal government, State and local governments, and the land-grant universities. While there is certainly variation between individual states, funding is roughly 1/3 from each of the federal, state and local governments.

Under the authority of the Smith-Lever Act, there are three federal funding mechanisms. Section 3(b) of the Smith-Lever Act provides that each State and the Federal Extension Service shall be entitled to receive annually a sum of money based on a formula that takes into consideration the rural population of each State; Section 3(c) provides funding to seven "results-oriented" Base Programs; and Section 3(d) are National Initiatives, intended to be established for limited time periods in order to develop educational models on which future base programs can be developed.

The Secretary of Agriculture established the ARS in 1953 under the authority of the Reorganization Act of 1949. Pursuant to the

Agricultural Reorganization Act of 1994, ARS includes functions previously performed by the Human Nutrition Information Service and the National Agricultural Library. ARS is USDA's in-house research agency, and as such, conducts basic and applied research in the fields of animal sciences, plant sciences, entomology, soil and water conservation, agricultural engineering, utilization and development, human nutrition and consumer use, marketing, development of integrated farming systems, and development of methods to eradicate narcotic-producing plants. The appropriation to ARS for FY01 was \$898.8 million for research and \$74.2 million for facilities.

In 1965, the Congress enacted Public Law 89-106 that established a special research grants program to finance selected programs over a maximum of 5 years (shortened to 3 years in the 1998 research reform act). As part of the reforms included in the 1998 Act, grant authority under the 1965 act was extended to include extension and teaching grants. In addition, the Secretary was required to promulgate regulations imposing a peer review requirement in advance of making any grant under this act.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 amended the 1965 act to authorize a Competitive Research Grant Program. This program was further modified in the 1990 Farm Bill in order to create a National Research Initiative (NRI), which was first proposed by the National Academy of Sciences. The NRI is currently authorized at \$500 million per year. While the NRI has received limited support, funding has averaged approximately \$100 million/year. As a result, some groups have suggested that the potential benefits of this program have been muted.

The Agricultural Research, Education and Extension Reform Act of 1998 established a research program using mandatory funding: the Initiative for Future Agriculture and Food Systems (IFAFS) to award competitive grants integrating research, education and extension in emerging issues of national scope in agriculture. The program was funded at \$120 million per year for 5 years (through FY03). Continued funding is provided for fiscal years 2004 through 2011 at \$145 million/yr.

#### TITLE VIII—FORESTRY INITIATIVES

As our nation's public lands become more and more difficult to access for their products as well as recreational values, there is a growing dependence on private, nonindustrial forest landowners to provide these necessary market commodities and nonmarket values demanded by a growing population. In 1996, timber products were the second highest valued agricultural crop in the United States; yet, forestry programs received less than one-half of one percent of all commodity support from the federal government. The Forestry Title strengthens the commitment of the Committee on Agriculture to sustainable forest management practices.

## SECTION-BY-SECTION ANALYSIS

## TITLE I—COMMODITY PROGRAMS

*Sec. 100. Definitions*

Defines terms necessary for implementation of this act, including base acres, covered commodity, effective price, eligible producer, payment acres, payment yield, and target price.

Subtitle A—Fixed Decoupled Payments and Counter-Cyclical Payments

*Sec. 101. Payments to eligible producers*

Beginning with the 2002 crop year, the Secretary will make fixed decoupled payments to eligible producers, including producers that would have been eligible for an AMTA Contract payment in 2002 and other producers of a covered commodity on a farm in the U.S. as described in section 103. The section requires the Secretary to protect the interests of tenants and sharecroppers in carrying out this title. Finally, the section requires the Secretary to provide for a fair and equitable sharing of the fixed decoupled payments and the counter-cyclical payments among the eligible producers on a farm.

*Sec. 102. Establishment of payment yield*

The Secretary is required to establish payment yields for each farm for each covered commodity. The yield for a farm will be the payment yield in effect for the 2002 crop of the commodity as provided under section 505 of the Agricultural Act of 1949. If no yield is available, the Secretary will establish an appropriate payment yield taking into account the payment yields applicable to the commodity for similar farms in the area. Relative to soybeans and other oilseeds, the Secretary will establish a yield for a farm by determining the average yield from 1998 through 2001, excluding years where the acreage planted to the oilseed was zero. If a farm would have satisfied disaster eligibility requirements under the FY1999 Agriculture Appropriations Bill in any of the 1998 through 2001 crop years, the Secretary will assign a yield to the farm equal to 65 percent of the county yield for that year in determining the 4-year average. The 4-year average is then reduced to reflect the increase in yields that occurred between 1981–1985 and 1998–2001.

The Committee expects that some producers will update the base acreage on a farm to reflect a more current historical period than reflected by the current AMTA contract acreage, resulting in the need for the Secretary to establish program yields in certain situations. If a producer updates base acreage for a crop that currently has a AMTA contract payment yield, the payment yield for both the fixed decoupled and counter-cyclical program will be the payment yield applicable to the 2002 AMTA contract. If a producer updates base acreage for corn, wheat, grain sorghum, cotton, rice, oats and barley and the farm currently has no AMTA contract payment yield for the crop, the Committee intends for the Secretary to establish a payment yield for the crop on the farm based on the fixed decoupled and counter-cyclical payment yield for similar



farms carrying out the same practices for the crop as the farm and the crop needing the yield. The Committee expects the Secretary to establish a blended yield for certain crops when producers update base acreage for crops on a farm that have no payment yield when a farm's 1998 through 2001 acreage reflects the same crop planted to both irrigated and nonirrigated acreage. In the case of oilseeds, producers will provide production records for each farm that reflect the harvested yield of each crop for the years 1998 through 2001. The Committee expects the Secretary to utilize production records previously furnished for oilseed loans and loan deficiency payments to be utilized to the maximum extent possible when establishing yield history. The Committee intends for the Secretary to exclude from the yield history any year in which the producer had a zero yield due to zero plantings of the oilseed. If the actual production in any year was less than the 65 percent threshold used to establish disaster eligibility criteria for quantity losses, the Committee expects the Secretary to substitute a yield for that year equal to 65% of the county yield in lieu of using the actual production for that year. For all crops of oilseeds, the actual proven yield on individual farms will be adjusted to take into account the increase in productivity between 1981 through 1985 compared to 1998 through 2001. The Committee expects the Secretary to make available the applicable payment yield for crops on a farm for which a payment yield must be determined prior to the producer making the base election as required in section 103, even though the producer may ultimately choose a historical period in which all or some of the yields are not needed.

*Sec. 103. Establishment of base acres and payment acres for a farm*

The Secretary will give producers a choice in determining their base acres. Producers may choose base acres reflecting the four-year average of acreage planted or prevented from being planted to the commodity for harvest, grazing, haying, silage, and other similar purposes during the 1998 through 2001 crop years. Alternatively, producers may choose base acres reflecting contract acreage that would otherwise be used to calculate the fiscal year 2002 AMTA payments. Producers may make this election only once and provide notice as prescribed by the Secretary. If a producer fails to make an election or notice is not timely, the Secretary will deem the producer to have chosen base acres reflecting the AMTA contract acreage. The election made by the producer will apply to all covered commodities on the farm. The Secretary will restore base acres when land under a CRP contract expires, is terminated, or is released by the Secretary. When base acres are adjusted, the producer will receive either fixed decoupled payments and counter-cyclical payments or a prorated payment under a conservation reserve contract, but not both. The sum of base acres and acreage enrolled in CRP or WRP, or other programs where a producer agrees not to produce a commodity on acreage in exchange for a payment, cannot exceed the actual cropland acreage on the farm.

The Committee intends for producers on a farm to choose the applicable historical period in which base acreage on a farm will be established for both the fixed decoupled and the counter-cyclical program. The Committee expects producers with multiple farms to be afforded the opportunity to choose the historical AMTA acreage

on one farm and the 1998 through 2001 acreage on another farm. The Committee expects the Secretary to develop a late filed acreage process that provides producers who failed to certify in a timely manner an opportunity to provide information that substantiates a late filed acreage report that may be used for purposes of establishing acreage planted during the 1998 through 2001 years.

The Committee intends for the Secretary to develop a process that provides for the restoration of base acreage and payment yields that were reduced on farms enrolled in CRP beginning with CRP signup 15. When restoring base acreage and payment yields, the Committee expects the Secretary to take into consideration the AMTA contract acreage and yields that were reduced on the farm at the time the acreage was accepted into CRP. The Committee also expects the Secretary to determine the bases to be restored in an expeditious manner, thus insuring producers are afforded ample opportunity to make appropriate decisions well in advance of the expiration of a CRP contract.

In order to avoid duplicate payments on the same acreage, the Committee expects the Secretary to insure that the sum of a producers base acreage, peanut acreage, CRP, WRP and other similar acreage enrolled in a conservation program for which payments are received for not producing a crop does not exceed the cropland acreage on a farm except to the extent that such excess is due to an established practice of double cropping on the farm as determined by the Secretary. The Committee expects the Secretary to insure that producers on the farm are afforded the option of determining what crop base acreage is reduced if necessary to meet this requirement.

#### *Sec. 104. Availability of fixed, decoupled payments*

The Secretary will make fixed decoupled payments to eligible producers for each of the 2002 through 2011 crop years at a payment rate of \$0.53 per bushel for wheat, \$0.30 per bushel for corn, \$0.36 per bushel for grain sorghum, \$0.25 per bushel for barley, \$0.025 per bushel for oats, \$0.0667 per pound for cotton, \$2.35 per hundredweight for rice, \$0.42 per bushel for soybeans, and \$0.0074 per pound for other oilseeds. The amount of the fixed, decoupled payment will be equal to the product of the payment rate, the payment acres, and the payment yield. Fixed decoupled payments must be paid no later than September 30 of fiscal years 2002 through 2011, except that in fiscal year 2002 payments may be made on or after December 1, 2001. A producer may receive up to 50 percent of the fixed decoupled payment in advance anytime on or after December 1 of a fiscal year. If a producer who receives a fixed decoupled payment ceases to be an eligible producer by the time final fixed decoupled payments are to be made, the producer must repay the advance amount.

The Committee intends for the Secretary to make advanced fixed decoupled payments to producers at any time, beginning on December 1 of each year. The Committee expects producers to be eligible for the advance payment until such time the Secretary makes final payment. The Committee expects the Secretary to make any payments due producers as a final payment prior to the end of the fiscal year.

The Committee also intends for producers who receive an advance payment and are later determined to not have been an eligible producer at the time the Secretary makes final payment to refund the advance payment. The Committee expects the Secretary to make every effort to collect the unearned payment and provide the successor the payment that they would have otherwise been due had the predecessor not received the payment.

*Sec. 105. Availability of counter-cyclical payments*

The Secretary will make counter-cyclical payments relative to a covered commodity whenever the effective price is less than the target price. The effective price is equal to the sum of (1) the higher of the national average market price during the 12-month marketing year for the commodity or the national average loan rate, and (2) the payment rate for fixed decoupled payments for the commodity. The target price is \$4.04 per bushel for wheat, \$2.78 per bushel for corn, \$2.64 per bushel for grain sorghum, \$2.39 per bushel for barley, \$1.47 per bushel for oats, \$0.736 per pound for cotton, \$10.82 per hundredweight for rice, \$5.86 per bushel for soybeans, and \$0.1036 per pound or a fair and reasonable amount for other oilseeds. The payment rate for counter-cyclical payments is equal to the difference between the target price and the effective price for the commodity. The payment amount for counter-cyclical payments is the product of the payment rate, the payment acres, and the payment yield. The Secretary may provide a partial payment up to 50 percent of the projected counter-cyclical payment to producers 6 months into the marketing year for that crop. The producer must repay the amount, if any, by which the partial payment exceeds the counter-cyclical payment to be made in that crop year.

Upon completion of the first six months of the marketing year, the Committee expects the Secretary to make a determination as to whether partial counter cyclical payments will be permitted on up to 50 percent of the projected payment.

In order to expedite counter cyclical payments, the Committee encourages the Secretary to allow producers to designate whether they want to receive a partial counter-cyclical payment at the same time producers notify the Secretary of their intentions for an advanced fixed decoupled payment. If at the end of the 12 month marketing year the Secretary determines any partial payments were not earned, the Committee expects the Secretary to collect any overpayments in the same manner as other program overpayments are collected.

*Sec. 106. Producer agreement required as condition on provision of fixed, decoupled payments and counter-cyclical payments*

As a condition of receiving fixed decoupled payments and counter-cyclical payments, the producer must comply with highly erodible lands and wetlands requirements, planting flexibility requirements, and with the requirement that the land on the farm be dedicated to an agricultural or conserving use and not be used for nonagricultural commercial or industrial use. The Secretary must establish rules to ensure compliance with these requirements. The Secretary may forgive any repayments owed by a producer that is foreclosed upon. Fixed decoupled payments and counter-cyclical payments are terminated when base acres are transferred

unless the transferee agrees to comply with these requirements. There is no restriction on the transfer of base acres or payment yields. Requires a producer who receives fixed decoupled payments, counter-cyclical payments, or marketing loan assistance to submit acreage reports to the Secretary.

The Committee expects producers to devote crop base acreage to an agricultural or conserving use and any acreage devoted to a nonagricultural commercial or industrial use is not eligible to be considered as crop acreage base. The Committee does not intend that the Secretary require the crop acreage base to be planted to a covered commodity as a condition for eligibility for program benefits. It is the intent of the Committee that the haying and grazing of any commodity or crop should be allowed on fixed decoupled or counter-cyclical base acreage at any time during the year without any reduction in program benefits.

The Committee expects the Secretary to provide a process whereby producers who have gained an interest in a farm as a result in a change of operator or owner may succeed to the fixed decoupled and counter-cyclical base acreage. The Committee expects the Secretary to provide successors a reasonable amount of time to succeed to a fixed decoupled and counter-cyclical payment.

The Committee expects the Secretary to require producers participating in the fixed decoupled and counter-cyclical programs to file annual acreage reports, reflecting at a minimum, crop, practice, acreage and intended use of any crop planted during the crop year.

#### *Sec. 107. Planting flexibility*

All rules concerning planting flexibility are unchanged. Generally, producers may plant any commodity on the base acres of a farm, except fruits and vegetables (excluding lentils, mung beans, and dry peas). The 3 exceptions to this rule in current law are also unchanged. Fruits and vegetables may be planted on base acres in a region where the Secretary determines there is a history of double cropping of covered commodities with fruits and vegetables. Fruits and vegetables may be planted on base acres on a farm that the Secretary determines has a history of planting fruits and vegetables on base acres, except that fixed decoupled payments and counter-cyclical payments will be reduced for each acre. Fruits and vegetables also may be planted by a producer who the Secretary determines has an established planting history of a specific fruit or vegetable, except that the quantity planted may not exceed the producer's annual planting history from the 1991 through 1995 crop years, as determined by the Secretary, and fixed, decoupled payments and counter-cyclical payments will be reduced for each acre.

#### *Sec. 108. Relation to remaining payment authority under production flexibility contracts*

Authority to make AMTA contract payments for the 2002 fiscal year is terminated upon enactment. If a producer receives a AMTA contract payment for the 2002 fiscal year before enactment of this legislation, the amount of the producer's fixed decoupled payment for fiscal year 2002 will be reduced by the amount of the AMTA contract payment.

It is expected that some producers will receive all or a portion of the fiscal year 2002 AMTA contract payment beginning October

1, 2001. The Committee intends that the Secretary reduce any crop year 2002 fixed decoupled payment by an amount received by the same producer on the farm pursuant to the fiscal year 2002 AMTA contract.

*Sec. 109. Payment limitations*

Fixed decoupled payments and counter-cyclical payments are subject to the payment limitations contained in sections 1001 through 1001C of the Food Security Act of 1985 as amended.

*Sec. 110. Period of effectiveness*

The subtitle is effective from the 2002 crop year through the 2011 crop year.

Subtitle B—Marketing Assistance Loans and Loan Deficiency Payments

*Sec. 121. Availability of nonrecourse marketing assistance loans for covered commodities*

The Secretary will make nonrecourse marketing assistance loans available to producers of covered commodities, including extra long staple cotton, for each of the 2002 through 2011 crop years. Any production of the covered commodity is eligible. Producers that would otherwise be eligible for the assistance but for certain comingling of the covered commodity are eligible for marketing loan assistance. Producers are required to comply with highly erodible lands and wetlands conservation requirements as a condition to receiving marketing loan assistance. Extra long staple cotton is defined. Marketing loan assistance for the 2002 crop year authorized in the FAIR Act of 1996 is terminated.

The Committee expects the Secretary to make available a marketing assistance loan or loan deficiency payment on any production of a covered commodity. In addition, the Committee intends the Secretary provide marketing assistance loans on production delivered to a facility unlicensed for the storage of the delivered commodity if the producer agrees as a condition for obtaining the loan to immediately repay the loan.

*Sec. 122. Loan rates for nonrecourse marketing assistance loans*

The current wheat loan rate is maintained at not more than \$2.58 per bushel. The corn loan rate is maintained at not more than \$1.89 per bushel. The grain sorghum loan rate is set at not more than \$1.89 per bushel. The barley loan rate is maintained at not more than \$1.65 per bushel. The oat loan rate is maintained at not more than \$1.21 per bushel. The upland cotton loan rate is maintained at not less than \$0.50 per pound and not more than \$0.5192 per pound. The extra long staple cotton loan rate is maintained at not more than \$0.7965 per pound. The soybean loan rate is set at not more than \$4.92 per bushel. The loan rate with respect to other oilseeds is set at not more than \$0.087 per pound.

The Committee equalized the loan rate of grain sorghum with corn and intends that the Secretary give serious consideration to insuring the loan rate for these two crops is equalized each year. In many parts of the country, producers have the option of growing either corn or sorghum; and the equalization of loan rates insures

that producers make a choice to produce the crop based on factors other than loan rates.

*Sec. 123. Term of loans*

The term for marketing assistance loans is unchanged. For all covered commodities except upland cotton and extra long staple cotton, the term of the loan is nine months beginning on the first day of the first month after the month in which the loan is made. For upland cotton and extra long staple cotton, the term of the loan is 10 months beginning on the first day of the month in which the loan is made.

*Sec. 124. Repayment of loans*

Repayment of marketing assistance loans is unchanged. The Secretary will permit producers of wheat, corn, grain sorghum, barley, oats, soybeans, and other oilseeds to repay a marketing assistance loan at a rate that is the lesser of the loan rate for the commodity plus interest or a rate that the Secretary determines will minimize forfeitures, accumulation of stocks, storage costs, and allow the commodity to be marketed freely and competitively. The Secretary will permit producers of upland cotton and rice to repay a marketing assistance loan at a rate that is the lesser of the loan rate for the commodity plus interest or the prevailing world market price (adjusted to U.S. quality and location), as determined by the Secretary. The Secretary will permit producers of extra long staple cotton to repay a marketing assistance loan at the loan rate plus interest. The Secretary will prescribe by regulation the formula to determine the prevailing world market price and a mechanism to periodically announce this price. The adjustment of the prevailing world market price for upland cotton is unchanged.

The Committee intends to give the Secretary a considerable amount of discretion in determining a loan repayment rate that minimizes loan forfeitures, accumulation of stocks, storage costs and allows the commodity to be marketed freely and competitively, both domestically and internationally. Beginning in 1998, the Committee noticed that the method used by the Secretary to determine the Posted County Price for feed grains, wheat and oilseeds led to a considerable number of discrepancies in the loan repayment rate and loan deficiency payment between neighboring counties and states. The Committee is concerned that the Secretary has created a system for loan repayments that does not accurately reflect on a continuing basis the changing dynamics of the market, thus creating the disparity between producers and elevators in neighboring counties and states.

The Committee is also concerned that in some instances the terminal market price established by the Secretary does not reflect the market into which a commodity is generally traded or sold nor does the terminal market price announced each day by the Secretary reflect the value that a producer could expect to receive for the commodity. The Committee fully expects the Secretary to review the current system and make the adjustments necessary to create a balanced and equitable system for producers.

*Sec. 125. Loan deficiency payments*

Loan deficiency payments are maintained. The Secretary will make loan deficiency payments available to producers who, although eligible for a marketing assistance loan, agree to forgo a loan in favor of receiving a payment. The loan deficiency payment is determined by multiplying the loan payment rate by the quantity of the covered commodity produced, excluding any commodity for which the producer obtained a loan. The loan payment rate is the amount by which the loan rate exceeds the rate at which the loan must be repaid. This section does not apply to extra long staple cotton. The Secretary will pay the producer a loan deficiency payment on the earlier of the date the producer marketed or lost beneficial interest in the commodity or the date the producer requests the payment.

The Committee intends that the Secretary make a loan deficiency payment to a producer on the earlier of the date a producer lost beneficial interest in the crop or the date the producer requests the payment.

The Committee is interested in the Secretary examining current regulations related to the flexibility of loan deficiency payment "lock-in" dates. Currently, producers placing commodities under loan can "lock-in" a loan repayment rate 60 days in advance of repaying the marketing assistance loan. However, producers applying for a loan deficiency payment are not afforded the opportunity to "lock-in" a loan deficiency payment prior to presenting production evidence to the Farm Service Agency. The Committee is interested in the Secretary allowing producers the opportunity to "lock-in" loan deficiency payments in a manner that maximizes opportunities to equally access loan deficiency payments. The Committee expects that any procedure the Secretary implements provide equitability to all producers and protects the interests of CCC by insuring payments are not disbursed until acceptable production evidence is furnished.

*Sec. 126. Payments in lieu of loan deficiency payments for grazed acreage*

The Secretary will make payments in lieu of loan deficiency payments for grazed acreage to producers that would be eligible for such a loan deficiency payment for wheat, barley, or oats but elects to use the acreage planted to the crops for livestock grazing. To receive a payment, the producer must agree to forgo any other harvesting of the commodity. The payment amount is determined by multiplying the loan deficiency payment rate by the payment quantity, which is determined by multiplying the quantity of grazed acreage by the payment yield. The time, manner, and availability of these payments are to be consistent with the general loan deficiency payment and marketing assistance loan provisions for wheat, barley, and oats. Producers who receive a loan deficiency payment under this section are ineligible for crop insurance or non-insured crop assistance as to that acreage.

The Committee intends that producers of wheat, oats and barley on a farm who graze the acreage and forego mechanical harvesting to be eligible for a payment under the same terms and conditions as a producer who harvests a crop and applies for a loan deficiency payment. The Committee intends for the producer to enter into a

payment agreement with CCC at the loan deficiency payment rate for the applicable crop in effect on the date of such agreement, at such time as the producer chooses, but not earlier than the date a producer who normally harvests a crop would make application for a loan deficiency payment. The Committee does not intend for producers to be able to collect crop insurance benefits and payments in lieu of loan deficiency payments for grazed acreage on the same acre of land. The Committee expects the Secretary to insure that multiple program benefits are not collected in accordance with this provision.

*Sec. 127. Special marketing loan provisions for upland cotton*

The special marketing loan provisions for upland cotton remain unchanged, including provisions relating to cotton user marketing certificates, the special import quota, and the limited global import quota for upland cotton.

The Committee recognizes the ever-increasing competition the U.S. cotton and textile industries are facing from imported textile and apparel products and the disadvantages associated with a strong dollar. Additionally, barriers to textile trade in foreign markets have also contributed to the substantial decline in domestic consumption of cotton, thereby having a negative affect on U.S. cotton prices. In order to increase the competitiveness of U.S. cotton and cotton products, the Committee strongly urges the Secretary to examine alternatives to the \$.0125 threshold in the step 2 program for cotton. The Secretary should review other possible adjustments in cotton's competitiveness provisions, particularly step 2, for the purpose of offsetting, to some degree, the adverse impact of a strong dollar on the U.S. cotton and textile industries. The competitive disadvantages of a strong dollar are not confined to the cotton and textile industries.

*Sec. 128. Special competitive provisions for extra long staple cotton*

The special competitive provisions for extra long staple cotton remain unchanged, including provisions relating to the competitiveness program, payments under the program, eligibility, and the amount and form of payment.

This program was enacted previously and is being continued in the bill as a fully-funded competitiveness program. In implementing this program, the Secretary should maintain flexibility in picking the varieties of ELS cotton to compare—foreign and domestic. The Secretary should implement the program in such a manner as to retain the ability to change the growths that will be compared should there be changes in the makeup of the applicable competing varieties. The Secretary should announce any such change in growths to be compared in a way that will minimize disruptions in the market and in the marketing of ELS cotton.

*Sec. 129. Availability of recourse loans for high moisture feed grains and seed cotton and other fibers*

The availability of recourse loans for high moisture feed grains and seed cotton remains unchanged. Authority under the FAIR Act to provide this assistance for the 2002 crop year is terminated.



*Sec. 130. Availability of nonrecourse marketing assistance loans for wool and mohair*

The Secretary will make nonrecourse marketing assistance loans available to producers of wool and mohair for the 2002 through 2011 marketing years. The graded wool loan rate is set at not more than \$1.00 per pound. The non-graded wool loan rate is set at not more than \$0.40 per pound. The mohair loan rate is set at not more than \$4.20 per pound. The term of the loan is one year beginning on the first day of the first month after the month in which the loan is made. Producers may repay the loan at a rate that is the lesser of the loan rate established for the commodity plus interest or at a rate that the Secretary determines will minimize forfeitures, accumulation of stock, storage costs, and that allows the commodity to be marketed freely and competitively. Loan deficiency payments are also authorized. This assistance is subject to the payment limitations imposed under sections 1001 through 1001C of the Food Security Act of 1985 as amended.

The Committee intends for the Secretary to administer the marketing assistance loan and loan deficiency program for wool and mohair in a manner similar to other commodities with such programs. The Committee expects the Secretary to establish premiums and discounts for different grades of wool and mohair and announce a repayment rate that minimizes forfeitures, accumulation of stocks, storage costs and allows the commodity to be marketed freely and competitively.

*Sec. 131. Availability of nonrecourse marketing assistance loans for honey*

The Secretary will make nonrecourse marketing assistance loans available to producers of honey for the 2002 through 2011 marketing years. The honey loan rate is set at not more than \$0.60 per pound. The term of the loan is one year beginning on the first day of the first month after the month in which the loan is made. Producers may repay the loan at a rate that is the lesser of the loan rate established for the commodity plus interest or at the prevailing domestic market price for honey. Loan deficiency payments are also authorized. This assistance is subject to the payment limitations imposed under sections 1001 through 1001C of the Food Security Act of 1985 as amended.

Subtitle C—Other Commodities

CHAPTER 1—DAIRY

*Sec. 141. Milk Price Support Program*

Milk Price Support Program is authorized through December 31, 2011 at a rate of \$9.90/cwt on a 3.67% milkfat basis. The Secretary is authorized to purchase butter, nonfat dry milk powder or cheese at established prices in order to maintain the \$9.90/cwt support price. The purchase prices for butter and nonfat dry milk powder may be allocated so as to minimize expenditures from the Commodity Credit Corporation. The Secretary may modify purchase prices for butter and nonfat dry milk not more than 2 times per year.

*Sec. 142. Repeal of Recourse Loan Program for processors*

The Recourse Loan Program for Processors (7 U.S.C. 7252) is repealed.

*Sec. 143. Dairy Export Incentive Program*

The Dairy Export Incentive Program (15 U.S.C. 713a–14(a)) is extended through 2011.

*Sec. 144. Fluid Milk Promotion*

The Fluid Milk Processor Promotion Program (7 U.S.C. 6402) is amended to repeal the termination of authority, and to make technical changes to the definitions of “Fluid Milk Product” and “Fluid Milk Processor.”

*Sec. 145. Dairy product mandatory reporting*

Dairy Product Mandatory Reporting (7 U.S.C. 1637a(1)) is amended to make technical corrections regarding products to be reported.

*Sec. 146. Funding of Dairy Promotion and Research Program*

The Dairy Promotion Program (7 U.S.C. 4502) is amended to require dairy importers to pay an assessment equivalent to domestic dairy producers. Importers would be eligible to vote in referenda and would have representation on the National Dairy Promotion and Research Board.

## CHAPTER 2—SUGAR

*Sec. 151. Sugar Program*

Subsection (a) reauthorizes the sugar program through 2011. Subsection (b) terminates the marketing assessment on sugar effective October 1, 2001. Subsection (c) provides the Secretary of Agriculture the discretion to reduce loan rates for U.S. sugar producers in the event that support for foreign competitors is reduced beyond that required under the Agreement on Agriculture. Subsection (d) ensures that notification requirements do not frustrate the purposes of the nonrecourse loan program. Subsection (e) authorizes nonrecourse loans on in-process sugars. Subsection (f) requires the Secretary of Agriculture to administer the sugar program at no net cost to the federal government to the maximum extent practicable. The subsection also authorizes the CCC to accept bids from processors for the purchase of sugar inventory in exchange for reduced production. Subsection (g) requires producers and importers to report certain information. Subsection (h) makes section 163 of the FAIR Act inapplicable to sugar.

*Sec. 152. Reauthorize provisions of Agricultural Adjustment Act of 1938 regarding sugar*

Subsection (a) repeals repetitive reporting provisions. Subsection (b) requires the Secretary to establish marketing allotments for domestically grown sugar to eliminate forfeitures. Subsection (c) updates the allotment formula to take into account current U.S. import obligations. The subsection also assigns allotments between sugarcane and sugar beets. Finally the subsection authorizes the Secretary to suspend allotments whenever imports exceed a certain

level. Subsection (d) updates the base periods and other factors applicable to the allocation of sugarcane and sugar beet allotments among sugarcane and sugar beet processors, respectively. Subsection (e) establishes procedures for the Secretary to reassign allotments if a processor cannot meet the allocation. Subsection (f) prescribes the manner in which allotment disputes are settled and provides for certain adjustments in the event a processor closes. Subsection (g) allows the Secretary to preserve certain acreage base history for a longer period and also defines the term “offshore states”. Subsection (h) lifts the suspension on allotments.

*Sec. 153. Storage facility loans*

Subsection (a) requires the CCC to amend the Code of Federal Regulations to establish a sugar storage facility loan program. Subsection (b) requires the CCC to make such loans to processors of domestically produced sugar that have satisfactory credit history, that need increased storage, and that demonstrate an ability to repay the loan. Subsection (c) provides for a 7-year term for the loan. Subsection (d) requires the program be administered using the services, facilities, and funds of the CCC.

## CHAPTER 3—PEANUTS

*Sec. 161. Definitions*

Defines terms necessary for implementation of this act, including counter-cyclical payment, effective price, eligible peanut producer, fixed, decoupled payment, payment acres, peanut acres, payment yield, producer, and target price.

*Sec. 162. Establishment of payment yield, peanut acres, and payment acres for a farm*

For the purpose of making fixed decoupled payments and counter-cyclical payments to eligible peanut producers under this chapter, this section directs the Secretary to provide for the establishment of a payment yield for peanut farms by first determining the average yield for peanuts on the farm for the 1998 through 2001 crop years, excluding any crop year in which the acreage planted to peanuts was zero. If, for any of these four crop years in which peanuts were planted the farm would have satisfied the eligibility criteria established to carry out section 1102 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act 1999, the Secretary shall assign a yield for that year equal to 65 percent of the county yield, as determined by the Secretary.

This section also provides for the establishment of peanut acres which equals the four year average of acreage actually planted on the farm in peanuts during crop years 1998, 1999, 2000, and 2001 and any acreage on the farm that the producers were prevented from planting to peanuts during such crops years because of natural disaster. The section provides for the establishment of payment acres for peanuts on a farm, which are equal to 85 percent of the peanut acres for the farm. Finally the section states that the sum of peanut acres for a farm, together with any base acres for a farm under subtitle A and acreage on the farm enrolled in the conservation reserve program or wetlands reserve program, or any

other acreage on the farm enrolled in a conservation program for which payments are made in exchange for not producing an agriculture commodity on the acreage, may not exceed the actual cropland acreage of the farm.

The Committee expects the Secretary to establish a payment yield, peanut acres, and payment acres on any farm in which a producer planted or was prevented from planting peanuts for the years 1998 through 2001 because of drought, flood, other natural disaster or other condition beyond the control of the producer. To the maximum extent possible, the Committee expects the Secretary to utilize production evidence previously furnished on marketing cards when establishing yield history. The Committee intends for the Secretary to exclude from the yield history any year in which the producer had a zero yield because of zero plantings of peanuts. If the actual production in any year was less than the 65 percent threshold used to establish disaster eligibility criteria for quantity losses, the Committee expects the Secretary to substitute a yield for that year equal to 65% of the county yield in lieu of using the actual production for that year.

The Committee intends for the Secretary to establish fixed decoupled and counter-cyclical payment acreage based on peanut acreage planted and prevented from being planted on a farm for the years 1998 through 2001. The Committee intends for the Secretary to have discretion in determining prevented planted acres, but it is not the intention of the Committee to include "considered planted acreage credit" when determining peanut acres.

In order to avoid duplicate payments on the same acreage, the Committee expects the Secretary to insure that the sum of a producer's base acreage under subtitle A, peanut acreage, CRP, WRP and other similar acreage enrolled in a conservation program for which payments are received for not producing a crop does not exceed the cropland acreage on a farm. The Committee expects the Secretary to insure that producers on farms are afforded the option of determining what crop base acreage or peanut acreage is reduced if necessary to meet this requirement.

*Sec. 163. Availability of fixed, decoupled payments for peanuts*

The Secretary will make fixed, decoupled payments to eligible producers for each of the 2002 through 2011 crop years at a payment rate of \$36 per ton for peanuts. The amount of the fixed, decoupled payment will be equal to the product of the payment rate, the payment acres, and the payment yield. Fixed, decoupled payments must be paid no later than September 30 of fiscal years 2002 through 2011, except that in fiscal year 2002 payments may be made on or after December 1, 2001. A producer may receive up to 50 percent of the fixed, decoupled payment in advance anytime on or after December 1 of a fiscal year. If a producer who receives a fixed, decoupled payment ceases to be an eligible producer by the time final fixed, decoupled payments are to be made, the producer must repay the advance amount.

The Committee intends for the Secretary to make advanced fixed decoupled payments to producers at any time, beginning on December 1 of each year. The Committee expects producers to be eligible for the advance payment until such time the Secretary makes final payments. The Committee expects the Secretary to make any re-

maintaining payments due producers as a final payment prior to the end of the fiscal year.

The Committee also intends that producers who receive an advance payment and are later determined to not have been an eligible producer at the time the Secretary makes final payment to repay the advance payment. The Secretary shall make every effort to collect the unearned payment and provide the successor the payment that they would have otherwise been due had the predecessor not received the payment.

*Sec. 164. Availability of counter-cyclical payment for peanuts*

This section directs the Secretary to make counter-cyclical payments with respect to peanuts whenever the Secretary determines that the effective price for peanuts is less than the target price. The effective price is equal to the sum of the higher of the national average market price during the 12-month marketing year for peanuts or the national average loan rate for peanuts, and the payment rate for fixed, decoupled payments for peanuts. The target price for peanuts is \$480 per ton. The payment rate for counter-cyclical payments is equal to the difference between the target price and the effective price for the commodity. The payment amount for counter-cyclical payments is the product of the payment rate, the payment acres, and the payment yield. The Secretary may provide a partial payment up to 50 percent of the projected counter-cyclical payment to producers 6 months into the marketing year for that crop. The producer shall repay to the Secretary the amount, if any, by which the partial payment exceeds the actual counter-cyclical payment to be made for that crop.

Producers as described in section 161 are eligible to receive a counter-cyclical payment for peanuts if the effective price is less than the established target price. The Committee expects the Secretary to review the national average price for peanuts six months after the beginning of the peanut marketing year to determine if the national average price would subsequently warrant a counter-cyclical payment at the end of the 12-month marketing year. At the discretion of the Secretary, partial counter cyclical payments on up to 50 percent of the projected payment is permitted and the Secretary is encouraged to make those payments as soon as practicable after the mid-year projected payment is determined.

In order to expedite counter cyclical payments, the Committee encourages the Secretary to allow producers to designate whether they want to receive a partial counter cyclical payment at the same time producers notify the Secretary of their intentions for an advanced fixed decoupled payment. If the Secretary permits a partial counter cyclical payment, the Committee expects the Secretary to allow producers the opportunity to elect to receive a partial payment through the end of the 12-month marketing year. If at the end of the 12-month marketing year, the Secretary determines any partial payments were not earned, the Committee expects the Secretary to collect any overpayments in the same manner as other program overpayments are collected.

*Sec. 165. Producer agreement required as condition on provision of fixed, decoupled payments and counter-cyclical payments*

This section states before producers on a farm may receive fixed decoupled payments or counter-cyclical payments, the producers shall agree to comply with applicable conservation and wetland requirements, to comply with planting flexibility requirements, and to agree to use the land in the amount equal to the peanut acres for an agricultural or conserving use. This section also directs the Secretary to provide adequate safeguards to protect the interests of tenants and sharecroppers. The Secretary may forgive any repayments owed by a producer that is foreclosed upon. Fixed, decoupled payments and counter-cyclical payments are terminated when base acres are transferred unless the transferee agrees to comply with these requirements. There is no restriction on the transfer of base acres or payment yields. Requires producers who receive fixed, decoupled payments, counter-cyclical payments, or marketing loan assistance to submit acreage reports to the Secretary.

The Committee expects the Secretary to provide a process whereby producers who have gained an interest in a farm as a result in a change of operator or owner may succeed to the fixed decoupled and counter-cyclical base acreage.

The Committee expects the Secretary to require producers participating in the fixed decoupled and counter-cyclical programs to file annual acreage reports, reflecting at a minimum, crop, practice, acreage and variety of peanuts planted during the crop year.

The Committee intends for the Secretary to provide adequate safeguards to protect the interests of tenants and sharecroppers. The Committee also intends the Secretary to provide for the sharing of fixed, decoupled payments and counter cyclical payments among eligible peanut producers on a farm on a fair and equitable basis.

*Sec. 166. Planting flexibility*

Generally, producers may plant any commodity on the peanut acres of a farm, except fruits and vegetables (excluding lentils, mung beans, and dry peas). The 3 exceptions to this rule in current law are also unchanged. Fruits and vegetables may be planted on peanut acres in a region where the Secretary determines there is a history of double cropping of covered commodities with fruits and vegetables. Fruits and vegetables may be planted on peanut acres on a farm that the Secretary determines has a history of planting fruits and vegetables on peanut acres, except that fixed, decoupled payments and counter-cyclical payments will be reduced for each acre. Fruits and vegetables also may be planted by a producer who the Secretary determines has an established planting history of a specific fruit or vegetable, except that the quantity planted may not exceed the producer's annual planting history from the 1991 through 1995 crop years, as determined by the Secretary, and fixed, decoupled payments and counter-cyclical payments will be reduced for each acre.

*Sec. 167. Marketing assistance loans and loan deficiency payments for peanuts*

This section makes available nonrecourse marketing assistance loans for all peanut production on a farm. This section sets the

maximum loan rate for peanuts at \$350 per ton. The Secretary shall permit producers to repay a marketing assistance loan at a rate that is the lesser of the loan rate for the commodity plus interest or a rate that the Secretary determines will minimize forfeitures, accumulation of stocks, storage costs, and allow peanuts to be marketed freely and competitively. In addition, this section makes available loan deficiency payments to producers who, although eligible to obtain a marketing assistance loan, agree to forgo obtaining the loan for peanuts in return for payments. This section gives producers options for obtaining market assistance loans through a designated marketing association, a loan servicing agent, or the Farm Service Agency. Finally this section terminates section 155 of the Federal Agriculture Improvement and Reform Act of 1996, which provided superseded price support authority.

It is the intention of the Committee to make available a marketing assistance loan or loan deficiency payment on any production of peanuts produced on the farm. It is the intention of the Committee that the Secretary provide producers an option of where to obtain their marketing assistance loan or loan deficiency payment, just as producers of other commodities have. It is the Committee's intention that a producer may obtain a marketing assistance loan and loan deficiency payments through either a designated marketing association or loan servicing agent approved by the Secretary, or the Farm Service Agency.

*Sec. 168. Quality improvement*

The section states all peanuts placed under a marketing loan under section 167 shall be officially inspected and graded by Federal or State inspectors. Peanuts not placed under a marketing loan may be graded at the option of the producer. The section terminates the Peanut Administrative Committee and the Secretary is directed to establish a Peanut Standards Board for the purpose of assisting in the establishment of quality standards for peanuts. The members of the Board should fairly reflect all segments of the peanut industry.

The Committee intends for the makeup of the Peanut Standards Board to not only represent all segments of the industry but also fairly represent all major peanut regions of the country.

*Sec. 169. Payment limitations*

Fixed, decoupled payments, counter-cyclical payments and limitations on marketing loan gains and loan deficiency payments are subject to the payment limitations contained in sections 1001 through 1001C of the Food Security Act of 1985 as amended.

*Sec. 170. Termination of marketing quota programs for peanuts and compensation to peanut quota holders for loss of quota asset value*

During fiscal years 2002–2006, the Secretary shall make payments to eligible peanut quota holders to compensate them for the lost value of the quota on account of the repeal of the marketing quota program for peanuts at a rate of \$0.10 per pound per year.

The Committee intends to compensate holders of peanut quota for the loss of their quota as a result of the termination of the peanut marketing quota program. The Committee intends for the Sec-

retary to enter into an agreement with quota holders to make an annual payment in five equal installments in each of the fiscal years 2002 through 2006. The Committee intends that the agreement entered into by the Secretary and the holders of peanut quota provide for the sharing of the compensation in a manner in proportion to a person or entity's ownership interest in the quota. The Committee intends that no payment limitation provisions are in effect for this section.

## TITLE II—CONSERVATION

### Subtitle A—Definitions

#### *Sec. 201. Definition of agricultural commodity*

Amends section 1201(a)(1) to change the definition of an agricultural commodity.

### Subtitle B—Swampbuster

#### *Sec. 211. Ineligibility for certain loans and payments*

Amends section 1221(b) (Swampbuster) to conform program ineligibility provisions to Highly-Erodible Lands provisions of section 1211. Producers would be penalized for swampbusting only on the crop which was produced on the converted wetland.

### Subtitle C—Environmental Conservation Acreage Reserve Program

#### *Sec. 221. Elimination of general provisions*

Strikes section 1230, which was a set of general provisions used to describe the Conservation Reserve Program and the Wetlands Reserve Program. Section 1230A, which provides relief to producers who were found to have violated a provision of the CRP or WRP through no fault of their own, is moved to section 1244.

### Subtitle D—Conservation Reserve Program

#### *Sec. 231. Reauthorization*

Extends the CRP through the 2011 calendar year. In addition, it includes wildlife resources within the scope of the program.

#### *Sec. 232. Enrollment*

Makes several changes to the lands eligible for enrollment in the CRP. First, it increases the maximum enrollment to 39.2 million acres. Second, it makes lands on which surface or groundwater is conserved eligible for enrollment. Third, it makes lands currently enrolled in the CRP eligible for re-enrollment. Fourth, it clarifies the eligibility of marginal pastureland. Fifth, it requires the Secretary to balance conservation interests in soil erosion, water quality and wildlife habitat in determining the acceptability of contract offers.

It is the intention of the Committee that soil erosion concerns not be the sole determinative factor with respect to enrollment of lands in the Conservation Reserve Program. Rather, the Secretary shall give due consideration of non-highly erodible cropland on which continued agricultural production would contribute to environmental degradation as set forth in subsection (b)(4). In addition,



the Secretary shall consider marginal pastureland which has been devoted to water quality protection.

New Section 1231(i) requires the Secretary to carry out a rulemaking that considers the three primary purposes of the CRP: conserving soil, improving water quality and providing wildlife habitat. The Committee is concerned that the Environmental Benefits Index (EBI) has created inequities in the distribution of contract offers, giving some areas of the country substantial benefits through the CRP while other areas are neglected. CRP is a national program with national purposes and objectives. The Secretary should endeavor in the rulemaking required by section 1231(i) to make certain that all areas of the country are able to enjoy the benefits of the CRP, but the Secretary should accomplish this without a strict allocation of the benefits and requirements of conserving soil, improving water quality and providing wildlife habitat. For example, a CRP contract that keeps soil on the land should improve water quality, and both should help create a habitat in which wildlife may thrive.

*Sec. 233. Duties of owners and operators*

Amends section 1232 to: (1) ensure that landowners who have an established cover crop on CRP lands are not required to destroy that cover crop in order to plant a vegetative cover, and (2) authorize the Secretary to allow managed grazing and limited haying (with a conservation reserve payment reduction), placement of wind turbines for generating energy, and biomass recovery for energy production (with a conservation reserve payment reduction) on CRP lands.

Section 233(1)(B) applies to new contracts entered into after the date of enactment of these provisions. The Committee assumes that landowners/operators who agreed in previous general sign-ups to plant additional species of grasses, forbs or shrubs in order to obtain additional points under the Environmental Benefits Index will continue to work with the Department to fulfill this obligation. However, for any new sign-ups carried out by the Secretary, the Committee expects that the Department will take into account the species found on the existing cover when determining the need for planting additional grasses, forbs or shrubs on acreage that may be re-enrolled in the program.

Recognizing the potential of using agricultural biomass to generate energy, the Committee is expanding the Secretary's authority to permit the recovery of biomass from land enrolled in the Conservation Reserve Program, for use in producing energy. In so doing, the Committee intends that the Secretary develop a rule for the expanded program that provides for an increased number of project allowances, but maintains the harvest practice limitations required under the Conservation Reserve Program Biomass Pilot Project (authorized under section 769 of P.L. 106-78), including a reduction in the conservation reserve payments by an amount commensurate with the economic value of such activity.

Finally, the Committee considers the generation of energy through wind turbines to be a resource landowners should exploit to the maximum extent possible. In this regard, the Committee believes CRP lands may be used for this purpose without a reduction in conservation payments. The Committee encourages the Sec-

retary to allow wind turbines to be used on CRP where appropriate.

*Sec. 234. Duties of the Secretary*

Amends section 1233 by striking a requirement that the Secretary must provide conservation technical assistance to landowners in bringing land into the CRP.

*Sec. 235. Acceptance of contract offers*

Amends section 1234(c) by striking language that authorizes the Secretary to consider enrollment of lands that would improve soil resources, water quality and wildlife habitat and establish different criteria for water quality and wildlife habitat in different areas of the country.

*Sec. 236. Contracts*

Amends section 1235 to: (1) limit the enrollment of lands in the CRP which have been acquired in the year preceding the first year of the contract period to situations in which the land was acquired by will or succession or there was a change in ownership due to foreclosure, (2) direct the Secretary to restore crop base, contract acreage, quota or allotment history upon expiration of the CRP contract, and (3) change the term “rental payment” to “conservation reserve payment.”

In carrying out the Conservation Reserve Program, the Committee encourages the Secretary to find a balance between forestry uses on CRP lands so as not to discriminate between hardwood and softwood timbers.

Subtitle E—Wetlands Reserve Program

*Sec. 241. Enrollment*

Amends section 1237 to: (1) provide the Secretary authority to enroll 150,000 acres of land into the WRP annually using easements, restoration cost share agreements or both, (2) direct the Secretary to give enrollment priority to lands which maximize wetland functions and values, and (3) make lands in the CRP or lands where EQIP contracts are entered into ineligible for WRP easements. With respect to acreage enrollment, section 1237 is amended to enable the Secretary to rollover any unused acres to future years.

*Sec. 242. Easements and agreements*

Amends section 1237A by rewriting various restrictions the Secretary may impose on landowners who have a WRP easement.

*Sec. 243. Duties of the Secretary*

Amends section 1237C by striking language which requires the Secretary to provide technical assistance when landowners enter into a WRP easement and which gives priority to permanent easements.

*Sec. 244. Payments limitation*

Amends section 1237D(c)(1) to clarify those payments which are taken into account in determining whether a participant has exceeded the \$50,000 payment limitation.

*Sec. 245. Changes in ownership; agreement modification; termination*

Amends section 1237E(a) by limiting the enrollment of lands in the WRP which have been acquired in the year preceding the first year of the contract period to situations in which the land was acquired by will or succession or there was a change in ownership due to foreclosure.

### Subtitle F—Environmental Quality Incentives Program

*Sec. 251. Purposes*

Amends section 1240 by striking references to the agricultural conservation program, the Great Plains conservation program, the water quality incentives program and the Colorado River Basin salinity control program and the combination of those programs into a single program. Provides that EQIP, among other things, is to provide flexible assistance to assist farmers and ranchers address environmental needs and provide benefits to air.

*Sec. 252. Definitions*

Amends section 1240A to include non-industrial private forest land as eligible land under EQIP and as well as lands which provide environmental benefits to air, soil, water or related resources. Persons engaged in non-industrial private forestry are included in the definition of producer. In addition, “permanent wildlife habitat” is struck from the definition of structural practice.

*Sec. 253. Establishment and administration*

Amends section 1240B to reauthorize EQIP through 2011 and requires the Secretary to provide cost-share and incentive payments to producers who enter into EQIP contracts. Contracts may be for terms of one to 10 years as determined by the Secretary. Section 1240B(c) is amended so that structural practices are based on a reasonable estimate of the projected costs and must achieve the purposes of the subtitle. The limitation on the size of livestock operations eligible for EQIP is eliminated. Authorizes the Secretary to make incentive payments in amounts and rates to encourage a producer to perform multiple land management practices and to promote the enhancement of soil, water, air and related resources. The Secretary may give great weight to those practices that include residue, nutrient, pest, invasive species and air quality management when determining the incentive payments.

The Committee encourages the Secretary to implement EQIP by emphasizing the conservation results on the farm, ranch or private forests of the nation instead of requiring extensive planning and development of plans and practices that unnecessarily bind producers to long-term contracts. For some conservation needs, the Committee understands that multi-year contracts may be needed to provide adequate conservation benefits; however, with the amendment to section 1240B allowing shorter term contracts, the Com-

mittee intends there should be more conservation and less planning.

In reviewing the administration of EQIP, the Committee was frustrated in its attempts to determine whether small producers as well as certain types of producers, such as those growing fruits and vegetables and other specialty crops are able to utilize the Environmental Quality Incentives Program (EQIP). The Committee would hope that the Secretary would take additional measures to ensure that Congress and the public are able to fully analyze the participation in the EQIP as well as the other conservation programs to determine whether the programs are reaching all participants, knowing that a lack of funding has probably been the biggest hurdle to most landowners/operators' ability to participate.

*Sec. 254. Evaluation of offers and payments*

Amends section 1240C to enable the Secretary to give a higher priority to assistance under EQIP to offers that aid producers in complying with federal and state environmental laws and maximize the beneficial use of animal manures or other similar soil amendments which improve soil health, tilth and water-holding capacity.

It is the intention of the Committee that priority areas not be set and applied in such a manner as to exclude an otherwise worthy EQIP application simply because the producer is located outside the priority area boundary. Further, applications should not be rejected merely because the producer is seeking a higher percent cost-share. Indeed, many small or less successful producers with significant environmental problems do not have the financial resources to use a low percent cost-share. In this framework, the Secretary shall review applications on an individual basis giving full consideration to the merit of each proposal.

To carry out the incentive payment portion of EQIP, the Secretary may award incentive payments to applications which contain multiple practices. However, nothing in this subsection shall be interpreted to mean that an EQIP application must contain a practice or multiple practices in each area of management in order for the producer to be eligible to participate in the program.

In awarding incentive payments, the Committee expects the Secretary to give full consideration to providing incentive payments to producers who utilize commercial soil amendments that help to increase utilization of nutrients such as nitrogen and phosphorus. In addition, the Secretary should also ensure that third parties who utilize animal manure for land application are eligible for incentive payments.

It is the intent of the Committee that the Secretary should further give heightened consideration in awarding EQIP contracts for land on which animal manure will be beneficially used as a fertilizer or soil amendment. Animal manure is a valuable source of nutrients, micronutrients and organic matter that improves soil fertility, tilth and water holding capacity. The beneficial application of animal manure can improve the productivity of farmland, improved pastures and rangelands. Increasing the organic matter in farmlands through beneficial use of animal manure can also decrease soil erosion.

The Committee also would like the Secretary to address the ability of tenant farmers, especially in fruit and vegetable crop production areas, to utilize payments under EQIP.

*Sec. 255. Duties of producers*

Strikes the superfluous requirement from section 1240D that a producer must agree not to conduct practices that would tend to defeat the purposes of EQIP.

*Sec. 256. Environmental Quality Incentives Program Plan*

Amends section 1240E(a) to clarify that EQIP plans must provide or continue to provide increased environmental benefits to air, soil, water or related resources and not conform strictly to plans of operations which incorporate prescriptive practices of the Secretary.

The Committee intends that producers should be developing the kinds of EQIP plans they believe address their conservation needs and challenges and not whole farm plans the Natural Resources Conservation Service under the past administration has shown a desire to write. The Committee intends for conservation to get on the ground with a minimal amount of plan development and paperwork that put burdens on personnel and create costly requirements for producers that outweigh the benefits received. The Committee believes the use of whole farm plans have their place when they are a means to an end, not the end itself.

*Sec. 257. Duties of the Secretary*

Amends section 1240F in order to conform to an amendment to the Soil Conservation and Domestic Allotment Act that requires the Secretary to carry out conservation programs, including technical assistance, under that Act.

*Sec. 258. Limitation on payments*

Amends section 1240G to increase the fiscal year payment limitation from \$10,000 to \$50,000 and the limitation on multi-year contracts from \$50,000 to \$200,000. Strikes language requiring the Secretary to determine that a payment is consistent with the maximization of environmental benefits per dollar expended. Strikes language that restricted contract payments to the fiscal year following the fiscal year in which the producer entered into the contract.

*Sec. 259. Groundwater conservation*

Replaces current law describing the temporary administration of EQIP enacted in 1996 with language that authorizes the Secretary to use \$60 million of CCC funds during the period 2002 through 2011 to provide cost-share payments and low-interest loans to encourage groundwater conservation, including irrigation system improvements, and incentive payments for capping wells, reducing use of water for irrigation and switching from irrigation to dryland farming.

### Subtitle G—Funding And Administration

#### *Sec. 261. Reauthorization*

Reauthorizes the use of the Commodity Credit Corporation to fund the Conservation Reserve Program, the Wetlands Reserve Program and the Environmental Quality Incentives Program.

#### *Sec. 262. Funding*

Provides \$1.2 billion of funds from the CCC for EQIP for each of the fiscal years 2002 through 2011.

#### *Sec. 263. Allocation for livestock production*

Amends section 1241(b)(2) to mandate that 50 percent of the EQIP funds be targeted to livestock producers. This reauthorization extends from 2002 through 2011.

#### *Sec. 264. Use of other agencies*

Directs the Secretary to use the Farm Service Agency to carry out the Highly-Erodible Lands Conservation provisions (sodbuster), the Wetland Conservation provisions (swampbuster), the Conservation Reserve Program, the Grassland Reserve Program and the Environmental Quality Incentives Program.

#### *Sec. 265. Administration and technical assistance*

Amends section 1243(b) to require that the CRP acreage restriction in counties is limited only to an action that would adversely affect the local economy. Replaces subsection (d) of section 1243 to provide new governing rules for the provision of technical assistance by third parties or the Natural Resources Conservation Service. Authorizes the Secretary to use not more than \$100 million per year during fiscal years 2002 through 2011 for technical assistance and caps the total technical assistance funds at \$850 million for the 10-year period. The Secretary is required to establish a system for the certification of third parties to provide producers with technical assistance in carrying out conservation programs. Conforming amendments for sodbuster, CRP, WRP and EQIP provide similar technical assistance authorities.

The Committee expects the Secretary, in carrying out section 265, to provide that the certification program shall be equivalent for parties providing technical assistance under the various conservation programs carried out by the Natural Resources Conservation Service and the Farm Service Agency. The Committee also expects the Secretary to honor the Memorandum of Agreement in force with the Independent Crop Consultants of America under which “certified crop advisors” are certified and approved to provide technical assistance under a range of USDA conservation programs to landowners/operators.

### Subtitle H—Other Programs

#### *Sec. 271. Wildlife Habitat Incentives Program*

Amends section 387(c) of the 1996 FAIR Act to provide \$25 million in each of the fiscal years 2002 through 2011 from the Commodity Credit Corporation to carry out the Wildlife Habitat Incentives Program.

*Sec. 272. Farmland Protection Program*

Amends section 388 of the FAIR Act to provide \$50 million in each of the fiscal years 2002 through 2011 from the CCC to carry out the Farmland Protection Program. Makes agricultural lands that contain historic or archeological resources eligible to participate.

*Sec. 273. Resource Conservation and Development Program*

Amends section 1528 of the Agriculture and Food Act of 1981 by: (1) making the authorization for Resource Conservation and Development Councils permanent, and (2) providing assistance to not more than 450 active designated areas.

Recognizing the important role that the Resource Conservation and Development Councils are playing in providing assistance both to agricultural producers and rural America, it is the intent of this Committee to make these entities permanent.

*Sec. 274. Grasslands Reserve Program*

Authorizes the Secretary acting through the Farm Service Agency to establish a two million acre grassland reserve program. One million acres shall be used for virgin (never cultivated) grassland and one million acres shall be used for restored grassland. Contracts may be 10, 15, or 20 years in length. Natural grass or shrubland shall be eligible for enrollment. Land that has been historically dominated by natural grass or shrubland and has the potential to serve as habitat for animal or plant populations of significant ecological value if the land is restored to natural grass or shrubland shall be eligible for enrollment.

- *Sec. 1238A. Contracts and Agreements.*—The owner of the land shall agree to comply with the terms of the contract and related restoration agreements. The contracts shall permit common grazing practices that are consistent with maintaining the viability of natural grass and shrub species. Haying, mowing, or haying for seed may be permitted except during the nesting season for birds in the local area which are in significant decline or are conserved pursuant to state or federal law. Construction of fire breaks and fences including posts shall also be permitted. Production of crops, fruit trees, vineyards or any other agricultural practice that would require breaking the soil surface is prohibited. The Secretary shall establish criteria to evaluate and rank applications for contracts. The Secretary shall consider support for native grass and shrubland, grazing operations, and plant and animal biodiversity when establishing criteria.

- *Sec. 1238B. Duties of the Secretary.*—The Secretary shall make annual payments to the owner in an amount not more than 75 percent of the grazing value of the land.

The Secretary shall pay for 90 percent of the cost of restoration on virgin grasslands and 75 percent on restored grasslands. Owners are eligible for technical assistance provided by the Secretary.

The Committee encourages the Secretary to implement the Grassland Reserve Program in an expeditious manner. The Subcommittee on Conservation, Credit, Rural Development and Research held three hearings on conservation. In these hearings, a great deal of interest was expressed in the development of a Grassland Reserve Program to encourage common grazing practices done

in various regions of the country or for a particular type of livestock operation which may include rotational grazing.

The Committee has heard from numerous interested parties regarding how payments could be made to producers in exchange for encouraging sound grazing practices. The program will also help to enhance wildlife habitat and prevent tracts of land from being subdivided for development. More importantly, the Committee believes that 10-, 15- and 20-year contracts will provide the best means of utilizing land for grazing. The Committee further believes that if the program is administered in a manner similar to the Conservation Reserve Program, producers will be able to adapt to the Grassland Reserve Program in a short period of time. While options for longer-term contracts and easements were discussed, no formulas were presented to the Committee that could be adequately explained, scored for budget purposes or administered in all regions of the country.

The Committee intends for the Grassland Reserve Program to aid and enhance the other conservation programs administered by USDA.

#### *Sec. 275. Farmland Stewardship Program*

Amends Chapter 2 of Subtitle D of the Food Security Act of 1985 by establishing a new Farmland Stewardship Program (FSP) to assist agricultural producers through conservation programs administered primarily by the Department of Agriculture.

Those programs are the Wetlands Reserve Program (WRP), the Wildlife Habitat Incentives Program (WHIP), the Forest Land Enhancement Program (FLEP), the Farmland Protection Program and other conservation programs administered by other federal agencies or state and local governments that may want to cooperate in the FSP. Funding for the FSP will come from these programs and appropriated accounts.

Local conservation districts, state or federal agencies or non-governmental organizations may enter into farmland stewardship agreements with agricultural producers on behalf of the Secretary of Agriculture. Agreements may be made for the conservation of private lands such as cropland, pastureland, grazing lands, timberlands and other lands the Secretary may specify.

Benefits that may be provided include conservation of soil and water, water quality protection, control of invasive or exotic species, wetland protection, wildlife habitat, preservation of prime farmland and other conservation purposes.

The FSP also will require matching fund contributions by state, regional or local agencies and divisions of governments and private funding sources.

The Secretary is authorized to use the Natural Resources Conservation Service to carry out FSP. The Secretary may use technical assistance made available in section 1243(d) to assist the owner or operator in carrying out agreements.

Objectives of agreements with owners and operators will be to protect and maintain natural resources by implementing a conservation program or a series of programs together for conservation management through easements under programs and to expand conservation practices on property where such easements are not currently available.



Agreements should address the conservation priorities established in states or localities in which the agricultural lands are located. To the extent practicable, FSP applications should be developed on a watershed basis.

The Committee intends for the Secretary, to the maximum extent practicable, to administer the FSP and the agreements made with landowners, using federal programs for local needs, which are developed at the state and local level. The Secretary is encouraged to develop the procedures necessary for making certain landowners benefit from using parts of federal programs available for the FSP under this section. Agreements may include these programs as a single component or in combinations to address the resource needs identified in the FSP. To the extent feasible, the Secretary should look at individuals' applications as they interact within watersheds.

The Secretary may administer the FSP using partnerships with federal, state or local agencies whose programs are part of the FSP. Local conservation district offices or agencies may be designated as a contracting agency after complying with certain standards such as monitoring compliance with owners and operators.

Owners and operators wanting to enter into an FSP agreement must submit an application outlining the management plan the owner or operator will carry out under the agreement.

*Sec. 276. Small Watershed Rehabilitation Program*

Reauthorizes section 14(h) of the Watershed Protection and Flood Prevention Act, 16 U.S.C. 1012, with \$15 million annually.

Subtitle I—Availability Of Funds

*Sec. 281. Availability of funds appropriated pursuant to the Soil Conservation and Domestic Allotment Act*

Amends section 6 of the Soil Conservation and Domestic Allotment Act to clarify that funds appropriated under such Act shall be used for technical assistance to owners or operators of land to achieve the objectives of any conservation program administered by the Secretary of Agriculture.

The Committee has been concerned for some time about an interpretation of the Soil Conservation and Domestic Allotment Act that has restricted the use of Conservation Operations Account to provide conservation technical assistance by the Natural Resources Conservation Service (NRCS) for the Conservation Reserve Program and other conservation activities. In section 281, the Committee clarifies that all funds appropriated to the Secretary of Agriculture are available to implement all conservation programs and will be used by the Secretary to provide technical assistance as needed for the Conservation Reserve Program, the Wetlands Reserve Program, the Environmental Quality Incentives Program, Wildlife Habitat Incentives Program, the Farmland Protection Program, the Grasslands Reserve Program, and the Farmland Stewardship Program.

The Committee is concerned that there is little accounting for NRCS salaries, expenses and program funds. CTA is NRCS's appropriated fund to pay personnel and operate its headquarters, regional, state and local offices. In short, CTA is a salaries and expense account.

The Committee is extremely concerned about the control of CTA funds. A recent report of the General Accounting Office (GAO/RCED-00-83) pointed to a disconcerting finding: that NRCS accounts for its funds as they are planned and budgeted, not as they are actually worked in the field. The Committee has sought for a number of years to determine how the NRCS spends its appropriated funds and why the agency must use program funds the Congress intended for cost-share and incentive payments to landowners to pay NRCS personnel salaries and expenses.

The Committee certainly understands the work of NRCS is critical to our conservation efforts under federal farm legislation and intends to work to find additional resources for the NRCS salaries and expense budget. Indeed, elsewhere in this title, the Committee has provided an additional \$850 million to aid the provision of technical assistance. However, the Committee intends in the amendment to the Soil Conservation and Domestic Allotment Act contained in section 281 of the bill to provide some fiscal reality to how NRCS budgets its activities and spends appropriated funds.

#### Subtitle J—Repeals

##### *Sec. 291. Provisions of Food Security Act of 1985*

Repeals the Environmental Easement Program, the Conservation Farm Option, the Tree Planting Initiative, Base History Provision, and payments under section 1237D(c)(3) and section 1234(f)(3).

Water shortage in the Klamath Basin.—The Klamath Basin Project delivers water to 220,000 acres of farmland and six national wildlife refuges in the Klamath Watershed. However, the current demands on water in the Klamath Basin are greater than the system can support. The over-allocation among the irrigated lands, tribal trust responsibilities, endangered species and the national wildlife refuges has resulted in harming all water users. It is the intent of the Committee to urge the Secretary to use his/her discretion in using all programs available, especially USDA conservation authorities, to enter into voluntary agreements with landowners who are willing to participate in the programs in this region.

The Committee also urges the Secretary to work closely with the Secretaries of Interior and Commerce to help them ensure that future water allocation decisions provide for balance.

High Plains Aquifer.—Recognizing the need for regional efforts to address groundwater management in the High Plains Aquifer, the Committee urges the Secretary to work with state water or conservation agencies and agricultural producers in the High Plains region to coordinate federal assistance with state programs and to encourage cooperation between states in implementing conservation incentives and water reduction practices.

Invasive species control.—The Committee intends that producers attempting to control invasive species such as leafy spurge and musk thistle shall be eligible for EQIP contracts through its cost share and incentive provisions. Producers spend a great deal of time and money to prevent the spread of invasive species and should be encouraged to continue doing so.

Paperwork reduction.—At its annual hearing on agency compliance with the Paperwork Reduction Act, the Committee on Government Reform received testimony that farmers are concerned about

unnecessary and burdensome paperwork imposed by Federal agencies on them. For example, the Bureau of Reclamation requires farmers to submit a lengthy full report each year even if there are no operational changes from last year. Therefore, the Committee directs USDA to work with other Federal agencies and OMB to eliminate any duplicative and unnecessary paperwork imposed on farmers. In particular, the Committee expects USDA to ensure that Federal paperwork—both its own and that of other Federal agencies—has particular utility, as required by the Paperwork Reduction Act, and has current OMB approval. In addition, the Committee directs Federal agencies to allow farmers to merely report “no change” on each of the annual reporting requirements if there are no changes from the prior year’s report to the Federal Government.

### TITLE III—TRADE

#### *Sec. 301. Market Access Program*

(a) Reauthorizes the Market Access Program (section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623)) through 2011, and increases funding from \$90,000,000 to \$200,000,000.

(b) Designates that Market Access Program funds may be used for activities to develop, maintain or expand foreign markets for leaf tobacco.

#### *Sec. 302. Food for Progress*

(a) Reauthorizes Food for Progress (the Food Security Act of 1985 (7 U.S.C. 1736o)) through 2011.

(b) Increases the limits on Commodity Credit Corporation funding for administrative costs from \$10,000,000 to \$12,000,000.

(c) Excludes from the limitations on tonnage in Sec. 1110(g) of Food for Progress those commodities furnished on a grant basis or on credit terms under title I of the Agricultural Trade Development Act of 1954.

(d) Increases the limits on Commodity Credit Corporation funding for transportation costs related to distribution of commodities from \$30,000,000 to \$35,000,000.

(e) Encourages the President to approve agreements that provide commodities to be made available for distribution or sale on a multiyear basis.

(f) Adds a new provision that encourages the Secretary to finalize program agreements and requests before the beginning of the relevant fiscal year. Also requires Secretary to provide the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition and Forestry a list of approved programs, countries and commodities, and the total amounts of funds approved for transportation and administrative costs related to Food for Progress by November 1 of the relevant fiscal year.

#### *Sec. 303. Export Enhancement Act*

Reauthorizes the Export Enhancement Act (section 301(e) of the Agricultural Trade Act of 1978 (7 U.S.C. 5651(e)) through 2011 at the current funding level of \$478,000,000.

*Sec. 304. Foreign Market Development Cooperator Program*

(a) Reauthorizes the Foreign Market Development Cooperator Program (section 703 of the Agricultural Trade Act of 1978) through 2011 and authorizes \$35,000,000 from the Commodity Credit Corporation for each of fiscal years 2002 through 2011 to carry out the program.

(b) Directs the Secretary to carry out the Foreign Market Development Cooperator Program with a significant emphasis on the importance of exporting value-added agricultural products to emerging markets.

(c) Requires the Secretary to report to Congress on the funding and success of the Foreign Market Development Cooperator Program.

The Committee emphasizes that the amendment to section 702(a) of the Agricultural Trade Act of 1978 should not be interpreted to exclude any eligible trade organization from carrying out programs to maintain and develop foreign markets for any United States agricultural commodity or product. In particular, the Committee intends that the Secretary continue to work with cooperators to maintain and develop markets for all commodities in all their forms, under this program.

*Sec. 305. Export Credit Guarantee Program*

(a) Reauthorizes the Export Credit Guarantee Program (sec. 211(b)(1) of the Agricultural Trade Act of 1978) through 2011.

(b) Continues for fiscal years 2002 through 2011 the current requirement that not less than 35 percent of the export credit guarantees issued be used to promote the export of processed or high-value agricultural products.

*Sec. 306. Food for Peace (P.L. 480)*

Reauthorizes Food for Peace and the International Food Relief Partnership Act through 2011.

*Sec. 307. Emerging markets*

Reauthorizes section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 through 2011 to promote agricultural exports to emerging markets.

*Sec. 308. Bill Emerson Humanitarian Trust*

Reauthorizes the Bill Emerson Humanitarian Trust Act through 2011.

*Sec. 309. Technical assistance for specialty crops*

(a) Establishes an export assistance program to address barriers to the export of United States specialty crops.

(b) Provides direct assistance through public and private sector projects and technical assistance to remove, resolve, and/or mitigate SPS and related barriers to trade.

(c) Gives priority to time sensitive and market access projects based on trade effect and trade impact.

(d) Authorizes \$3,000,000 in funding from the Commodity Credit Corporation.

## TITLE IV—NUTRITION

## SUBTITLE A—NUTRITION PROGRAMS

*Sec. 401. Simplified definition of income*

Allows for the exclusion from household income of deferred educational loans, grants and veteran's educational benefits that are excluded under Medicaid, state complementary payments made under the former Aid to Families with Dependent Children Program, and any income not considered under the Temporary Assistance to Needy Families Program (TANF) and Medicaid. It would not include items that are included in the definition of income but part of which are disregarded for the purposes of TANF and Medicaid by state agencies.

*Sec. 402. Standard deduction*

Increases the standard deduction under the food stamp program, which will be calculated according to family size.

*Sec. 403. Transitional food stamps for families moving from welfare*

Provides, at state option, for 6 months of transitional food stamp benefits for families leaving TANF.

*Sec. 404. Quality control systems*

Reforms the food stamp quality control program to require States to use the 95% statistical probability in calculating State error rates. Provides that in determining sanctions against States for high error rates, sanctions are delayed until the third consecutive year in which a State's error rate exceeds the national average error rate by more than 1%. Provides for bonus payments to certain States for excellent administration of certain food stamp rules through fiscal year 2007.

*Sec. 405. Simplified application and eligibility requirements*

Requires the Secretary to provide grants to states to develop and implement programs that improve the food stamp application and eligibility determination process.

*Sec. 406. Authorization of appropriations*

Reauthorizes the food stamp employment and training program, the cash payment project for elderly and disabled food stamp participants, food stamp outreach demonstration projects, the Food Stamp Act, the food assistance block grant for Puerto Rico, and the nutrition assistance program for American Samoa. In addition, this section reauthorizes and expands community food projects and The Emergency Food Assistance Program.

## SUBTITLE B—COMMODITY DISTRIBUTION

*Sec. 441. Distribution of surplus commodities to special nutrition projects*

Section 1114 (a) of the Agriculture and Food Act of 1981 is amended by striking "2002" and inserting "2011." Effective through 2011, whenever a commodity is made available without charge or credit under any nutrition program administered by the Secretary,

the Secretary shall encourage consumption of such commodity through agreements with private companies under which the commodity is reprocessed into end-food products for use by eligible recipient agencies.

*Sec. 442. Commodity distribution program*

Reauthorizes through 2011 the authority of the Secretary to purchase and distribute sufficient agricultural commodities to maintain the traditional levels of assistance for food assistance programs.

*Sec. 443. Emergency food assistance*

Reauthorizes the Emergency Food Assistance Program (TEFAP) through 2011.

SUBTITLE C—MISCELLANEOUS PROVISIONS

*Sec. 461. Hunger Fellowships Program*

(a) Congressional Hunger Fellows Act; describes the late Representatives Bill Emerson and Mickey Leland, their friendship and their commitment to ending hunger.

(b) Establishes an independent agency of the Legislative Branch of the U.S. government, the Congressional Hunger Fellows Program, as a living memorial for Emerson and Leland.

(c) Creates a board of trustees to supervise and direct the Program.

(d) Defines purposes as: encouraging future leaders to pursue careers in humanitarian service, recognizing the needs of the hungry, and providing assistance and compassion for those in need; increasing awareness of the importance of public service; providing training and development opportunities for these leaders. Authorizes the creation of fellowships to carry out the above purposes.

(e) Establishes a Congressional Hunger Fellows Trust Fund in the Treasury, managed by the Secretary of the Treasury and invested in interest bearing obligations of the United States that shall provide funds from the interest to run the program.

(f) Allows the board to expend funds to carry out the program from the interest of the fund, not the principle. Provides for audits by the Comptroller General of GAO and a subsequent report to Congress.

(g) Allows the board to select an executive director to administer the program. The program may accept donations, hire temporary consultants and enter into contracts as necessary.

(h) Requires the board to submit an annual report to Congress that details the evaluations of the program and funds raised and expended.

(i) Authorizes \$18,000,000 to be appropriated to fund the program.

*Sec. 462. General effective date*

Designates that the amendments made by in this title shall take effect on October 1, 2001, unless otherwise specified.

## TITLE V—CREDIT

*Sec. 501. Eligibility of limited liability companies for farm ownership loans, farm operating loans, and emergency loans*

Amends sections of the Consolidated Farm and Rural Development Act (ConAct) that authorize farm real estate, operating and emergency loans by including limited liability companies as eligible entities to apply for these loans.

*Sec. 502. Suspension of effectiveness of certain provision*

Provides that Sec. 319 of the ConAct dealing with the graduation of borrowers with Farm Service Agency loans to commercial sources of credit will have no effect through December 31, 2006. Current law provides a moratorium on these loans through December 31, 2002.

*Sec. 503. Administration of certified lenders and preferred certified lenders programs*

Amends Sec. 331(b) of the ConAct to authorize the Secretary of Agriculture to administer the certified and preferred lender guaranteed loan programs through central offices in states or multi-state areas.

*Sec. 504. Simplified loan guarantee application available for loans of greater amounts*

Amends Sec. 333A(g)(1) of the ConAct to increase the loan amount of the guaranteed program using a simplified short form to \$150,000.

*Sec. 505. Elimination of requirement that secretary require county committees to certify in writing that certain loan reviews have been conducted*

Amends Sec. 333 of the ConAct to remove the requirement that county committees must certify in writing annually that farmer program borrowers' business operations and credit histories have been reviewed and the borrowers continue to be eligible for the loan program.

*Sec. 506. Authority to reduce percentage of loan guaranteed if borrower income is insufficient to service debt*

Amends Sec. 339 of the ConAct to authorize the Secretary to guarantee less than 80 percent of farm program loans even though the borrower does not show a 100 percent cash flow in his farm plan.

*Sec. 507. Timing of loan assessments*

Technical amendment to Sec. 360(a) of the ConAct that conforms to a provision of the 1994 USDA reauthorization act that eliminated a requirement for the local county committee to approve a borrower's eligibility for farmer program loans.

*Sec. 508. Making and servicing of loans by personnel of state, county or area committees*

Adds a new section to Subtitle D of the ConAct to require the Secretary to use Farm Service Agency county office employees to

make and service farmer program loans if the personnel are trained to do so. This authority overrides the 90-day finality rule of FSA county office employees in Sec. 281(a)(1) of the USDA reorganization act.

*Sec. 509. Eligibility of employees of state, county, or area committee for loans and loan guarantees*

Adds a new section to Subtitle D of the ConAct to make eligible Farm Service Agency local county office employees and USDA employees for farmer program loans so long as a local county office other than the applicant's home office approves the loan application.

*Sec. 510. Emergency loans in response to an economic emergency resulting from sharply increasing energy costs*

(1) Amends Sec. 323 to include high energy costs and crop and livestock quarantines as an emergency for which disaster loans may be made.

(2) Financial assistance may be made available when energy costs for any three-month period is at least 50 percent greater than the average of the preceding five years and the applicant's income loss was incurred to prevent livestock mortality, degradation of perishable commodities or damage to field crops.

(3) The amount of any loan under the energy emergency authority may not exceed \$200,000. For crop or livestock quarantines, the limit remains at \$500,000.

*Sec. 511. Extension of authority to contract for servicing of farmer program loans*

Reauthorizes Sec. 331(d) to allow the Secretary to allow qualified private lenders to service loans under the ConAct.

*Sec. 512. Authorization for loans*

Reauthorizes the farmer loan programs at such sums as may be necessary.

*Sec. 513. Reservation of funds for direct operating loans for beginning farmers and ranchers*

Reauthorizes the reservation of beginning farmer and ranchers loan amounts through 2011.

*Sec. 514. Extension of interest rate reduction program*

Reauthorizes the interest rate buy-down program for farmer program loan guarantees through 2011.

*Sec. 515. Increase in duration of loans under Down Payment Loan Program*

Amends the beginning farmer and rancher down payment loan program by increasing loan repayment period to 15 years.

*Sec. 516. Horse breeder loans*

Requires the Secretary to make loans to eligible horse breeders who have suffered foal losses resulting from mare reproductive loss syndrome.



Breeders must have suffered a 30 percent loss in healthy foals in mares owned or boarded by the breeder and the breeder must not be able to obtain sufficient credit elsewhere.

Loans may be made for a term not to exceed 15 years at interest rates charged under the emergency disaster loan program operated by the Secretary. A loan or loans may not exceed \$500,000.

The authority established under this section terminates September 30, 2003.

*Sec. 517. Sunset of direct loan programs under the Consolidated Farm and Rural Development Act*

Five years after the enactment of this section the Secretary may not make a farm real estate or operating loan to farmers or ranchers except for youth loans and loans to beginning farmers and ranchers or members of socially-disadvantaged groups.

The Secretary retains authority to service loans made prior to the beginning of the sunset.

The Secretary is required to conduct two studies during the five-year period following enactment. The first study will begin one year after enactment and must be finished within one year. The second study will begin three years after enactment and must be finished within one year. The studies will examine, among other things, the number, average principal amount, and delinquency and default rates of loans made and guaranteed during the periods covered by the studies.

Each study must be submitted to the Congress six months after completion and must evaluate the USDA's lending activities, including an analysis of the effectiveness of loan programs in providing the credit needs of agricultural producers in an efficient and fiscally responsible manner.

*Sec. 518. Definition of debt forgiveness*

Amends Sec. 343 of the ConAct to provide that the term debt forgiveness does not include consolidation, rescheduling, reamortization, or deferral of a loan nor any loan write-down provided as a part of a resolution of a discrimination complaint against the Secretary.

It has come to the Committee's attention that borrowers are facing several situations that are out of their control and may have a tremendous impact upon their ability to meet their loan obligations. Among these are recurrent natural disasters that have been experienced in many areas as well as a catastrophic illness or medical condition affecting the borrower or an immediate family member. The Committee expects the Secretary to develop criteria using all of the authorities contained in the Consolidated Farm and Rural Development Act to address these two situations and afford remedies to assist those borrowers who are unable to repay their loan obligations.

*Sec. 519. Loan eligibility for borrowers with prior debt forgiveness*

Amends Sec. 373 of the ConAct to authorize the Secretary to make loans to borrowers who have not received debt forgiveness on loans or loan guarantees more than two times and to guarantee loans to borrowers who have not received debt forgiveness on loans or loan guarantees more than three times.

*Sec. 520. Allocation of certain funds for socially disadvantaged farmers and ranchers*

Amends the ConAct to authorize the Secretary to use funds allocated for socially-disadvantaged farmers and ranchers within a state to be used in other states where there are pending, approved applications for socially-disadvantaged farmers and ranchers. Any unused funds within a state may be reallocated to other applicants in that state.

*Sec. 521. Horses considered to be livestock under the Consolidated Farm and Rural Development Act*

Amends Sec. 343 of the ConAct to include horses within the meaning of livestock.

## TITLE VI—RURAL DEVELOPMENT

*Sec. 601. Funding for rural local television broadcast signal loan guarantees*

Amends the Launching Our Communities' Access to Local Television Act of 2000 to provide \$200 million for loan guarantees for fiscal years 2002–2006 without fiscal year limitation.

*Sec. 602. Expanded eligibility for value-added agricultural products market development grants*

Amends the Agricultural Risk Protection Act of 2000 to allow \$50 million to be used for value-added grants for each of the fiscal years 2002–2011. This section is designed to increase the participation in the Value-Added Agricultural Products Market Development Grants by allowing broader standards of eligibility for this specific grant category only so that public bodies and trade association can compete along with non-profit institutions and universities for grants designed to develop value-added products for foreign markets. Extends the current program with increased mandatory spending.

The Committee encourages the Secretary to use value-added agricultural products market development grants to assist in the development of agricultural-based renewable energy sources.

*Sec. 603. Agriculture Innovation Center Demonstration Program*

The Secretary shall make grants to establish centers to provide producers with technical assistance, marketing, and development assistance for value-added agricultural businesses. The Secretary shall use not less than \$5 million for fiscal year 2002 and not less than \$10 million for fiscal years 2003 and 2004. This money is part of the \$50 million being used for Section 602 activities. The Secretary shall use \$300,000 of the funds made available each year to support research at a university on the effects of value-added projects on producers and commodity markets. The Secretary shall submit a report to the House and Senate Agriculture Committees on the effectiveness of this demonstration program.

*Sec. 604. Funding of Community Water Assistance Grant Program*

Directs the Secretary to use \$30 million for each of the fiscal years 2002–2011 to fund drinking water assistance grants. Extends current program and makes it mandatory spending.

The Committee intends that the amendments made by Section 604 are to address the ongoing needs of rural communities that may have difficulty providing safe and adequate quantities of drinking water to their residents. However, these amendments to Sec. 306A of the Consolidate Farm and Rural Development Act (ConAct) in no way prevent the Secretary from assisting communities under this section in the event of dire emergencies.

*Sec. 605. Loan guarantees for the financing of the purchase of renewable energy systems*

The Secretary may provide to persons or individuals a loan guarantee under Section 4 of the Rural Electrification Act to finance the purchase of a renewable energy system, including a wind energy system and anaerobic digesters for the purpose of energy generation.

*Sec. 606. Loans and loan guarantees for renewable energy systems*

Amends Section 310B of the ConAct by inserting “and other renewable energy systems including wind energy systems and anaerobic digesters for the purpose of energy generation”.

The Committee recognizes the need for developing technologies to convert renewable farm and forestry resources into affordable electricity, fuel chemicals, and other materials. The Committee encourages the Secretary, through the Rural Business-Cooperative Service, to provide Business and Industry loans or loan guarantees for biomass conversion into bio-based industrial products.

*Sections 607, 608, 609, 610, 611*

Reauthorizes current programs through 2011. Those programs are Rural Business Opportunity Grants (Sec. 607), Grants for Water Systems for Rural and Native Villages in Alaska (Sec. 608), Rural Cooperative Development Grants (Sec. 609), National Reserve Account for Rural Development Trust Fund (Sec. 610), and the Rural Venture Capital Demonstration Program (Sec. 611).

*Sec. 612. Increase in limit on certain loans for rural development*

Increases the loan limit of the Business and Industry lending program authorized by Sec. 310B of the ConAct from \$25 million to \$100 million.

The Committee notes that it has been some time since the loan limit for the Business and Industry loan program has been amended. Over those years, the needs for debt capital in small cities and rural communities have expanded, and inflation has eroded the purchasing power of the current loan limit of \$25 million. While the Committee agreed to raise the limit on single loans to \$100 million, the Committee cautions the Secretary to use this new authority judiciously. The Committee is concerned that the expertise within the Department to analyze and assess the underwriting standards of lenders that may wish to seek a guarantee of a \$100 million loan may be limited. In addition, the Committee urges the Secretary to establish guidelines for approving large loan guarantees so that they will have a positive, maximum benefit to rural residents and eligible communities by creating employment and other economic opportunities.

*Sec. 613. Pilot program for rural development strategic plans and implementation*

(a) Development: The Secretary shall select 10 states to implement rural development strategic plans. This is a new program that provides mandatory spending of \$2 million in grants for each fiscal year 2002–2011.

(b) Strategic Planning Implementation: Provides mandatory spending of \$13 million for grants to implement the plans for each fiscal year 2002–2011.

The Strategic Planning Initiative and Implementation provision authorizes a matching grant pilot program of \$2 million per year to entities for regional, collaborative rural development strategic plans in 10 states. Community-based and grassroots organizations' support and participation are critically important to successful planning. The matching grant requirement will help ensure that there is a commitment at the local level for the planning process. The provision allows the Secretary to require up to a 50% matching grant. This requirement is not intended to serve as a barrier to limited resource communities in fully participating in the program. The Secretary should require matching grants commensurate with a community's ability to pay, even to the point of only requiring a nominal amount in order to ensure the broadest participation.

In developing a regional development plan it is imperative that local specialists representing many varied areas of expertise be included. The Secretary should give priority to grant applicants whose proposals include the broadest coalitions of regional and local organizations—both public and private. Entities eligible for matching grants include but are not limited to Councils of Government, Area Development Districts, Economic Development Districts, Local Development Districts, Planning and Development Districts, Regional Planning Commissions and Regional Councils of Government.

The Secretary of Agriculture, in selecting the 10 States to implement this program, should give priority to states that have high rural populations or high percentages of rural population. However, the Secretary may consider other appropriate factors as necessary to ensure full participation by other States with significant rural areas not meeting these population requirements.

The Committee bill provides the Secretary with full funding of \$13 million per year and authority to implement the regional plans in the 10 selected States. The Committee expects and anticipates that the program will provide a unique opportunity for Congress to assess the strengths and weaknesses of the full panoply of Federal rural development programs used in concert with one another.

The Secretary is authorized to transfer money from the planning activities to the implementation activities and vice versa in order to ensure maximum use of the funds provided.

Rural communities across the United States continue to decline due to limited resources, a lack of leadership and the exodus of youth to jobs in urban areas. The remarkable diversity of rural America dictates that for rural development to be effective, it must be locally based. In setting goals, priorities and making decisions, a regional approach is essential. Many rural communities have assets that could be identified by strategic planning to produce the potential for future economic viability. Local officials and the pri-

vate sector can use this program for such identification to determine the best approach to development for their region. The Strategic Planning Initiative and Implementation program will place a high priority on providing regional community based planning coupled with the resources to put the plans into action.

*Sec. 614. Grants to nonprofit organizations to finance the construction, refurbishing, and servicing of individually-owned household water well systems in rural areas for individuals with low or moderate income*

Amends the water and wastewater authorities under the ConAct to authorize the Secretary to make grants and loans to provide individual residential water wells.

*Sec. 615. National Rural Development Partnership*

Adds a new section to Subtitle E of the ConAct to establish a National Rural Development Partnership composed of the Coordinating Committee and the state rural development councils.

This Section formally authorizes the National Rural Development Partnership (NRDP or “Partnership”) and its two component units, State rural development councils (SRDCs) and the National Rural Development Coordinating Committee (NRDCC). SRDCs were established to promote interagency coordination among federal departments and agencies that administer policies and programs that impact rural areas and to promote intergovernmental collaboration among federal agencies and state, local, and tribal governments and the private and non-profit sectors. Among the activities the Committee believes are appropriate for SRDCs are: gathering information on the condition of rural areas in the states they serve; reviewing and commenting on all policies, regulations, and proposed legislation that affect or would affect rural areas; monitoring and reporting on policies and programs that address, and fail to address, the needs of rural areas; and facilitating the formulation of local needs assessments for rural areas and participating in the development of criteria for the distribution of Federal funds to rural areas, and to the extent the criteria use USDA funds, the USDA rural director in each state should be directly involved in the development of those criteria. This Section also redesignates the existing National Rural Development Council as the NRDCC. The NRDCC, which may include representatives from federal agencies and national associations, is expected to support the work of the SRDCs and to promote interagency and intergovernmental collaboration at the national level.

*Sec. 616. Eligibility of rural empowerment zones, rural enterprise communities, and champion communities for direct and guaranteed loans for essential community facilities*

Amends Sec. 306(a) of the ConAct to authorize the Secretary to make or insure loans to communities designated as rural empowerment zones, rural enterprise communities or as champion communities to install or improve essential community facilities.

*Sec. 617. Grants to train farm workers in new technologies and to train farm workers in specialized skills necessary for higher value crops*

The Secretary may make grants to an entity to train farm workers to use new technologies and develop specialized skills for agricultural development. Authorizes no more than \$10 million be appropriated to the Secretary for fiscal years 2002–2011 to make such grants.

*Sec. 618. Loan guarantees for the purchase of stock in a farmer cooperative seeking to modernize or expand*

Amends Sec. 310B of the ConAct to provide loan guarantees for individual farmers to purchase capital stock of a farmer cooperative established for an agricultural purpose.

*Sec. 619. Intangible assets and subordinated unsecured debt required to be considered in determining eligibility of farmer-owned cooperative for business and industry guaranteed loan*

Amends Sec. 310B of the ConAct for this purpose.

In considering applications for a loan guarantee from an agricultural cooperative, the Rural Business-Cooperative Service may consider the value of intangible assets such as trademarks, patents, licenses, and brands subject to appraisal, when evaluating the eligibility of an agricultural cooperative for loan guarantees. The same consideration may be given to unsecured subordinated debt, which may be viewed as the equivalent of equity in the cooperative. Both intangible assets and unsecured subordinated debt may be considered in determining the viability of a cooperative's balance sheet.

*Sec. 620. Ban on limiting eligibility of farmer cooperative for business and industry loan guarantee based on population of area in which cooperative is located*

Amends the ConAct so that in determining whether a cooperative organization owned by farmers is eligible for a guaranteed loan, the Secretary shall not apply any lending restrictions based on population to the area in which the cooperative is located.

## TITLE VII—RESEARCH AND RELATED MATTERS

### Subtitle A—Extensions

Sec. 700. Market Expansion Research (7 U.S.C. 1632(b)(3)(c)) is extended through 2011.

Sec. 701. National Rural Information Center Clearing-House (7 U.S.C. 3125b(c)) is extended through 2011.

Sec. 702. Grants and Fellowships for Food and Agricultural Sciences Education (7 U.S.C. 3152) is extended through 2011.

Sec. 703. Policy research centers (7 U.S.C. 3155(d)) is extended through 2011.

Sec. 704. Human nutrition intervention and health promotion research program (7 U.S.C. 3174(d)) is extended through 2011.

Sec. 705. Pilot research program to combine medical and agricultural research (7 U.S.C. 3174a(d)) is extended through 2011.

Sec. 706. Nutrition education program (7 U.S.C. 3175(c)(3)) is extended through 2011.

Sec. 707. Continuing Animal Health and Disease Research Programs (7 U.S.C. 3195) is extended through 2011.

Sec. 708. Appropriations for research on national or regional problems (7 U.S.C. 3196(a)) is extended through 2011.

Sec. 709. Grants to upgrade agricultural and food sciences facilities at 1890 land-grant colleges, including Tuskegee University (7 U.S.C. 3222b(b)) is extended through 2011.

Sec. 710. National Research and Training Centennial Centers at 1890 Land-Grant Institutions (7 U.S.C. 3222c) is extended through 2011.

Sec. 711. Hispanic Serving Institutions (7 U.S.C. 1632(c)) is extended through 2011.

Sec. 712. Competitive Grants for International Agricultural Science and Education Programs (7 U.S.C. 3292b) is extended through 2011.

Sec. 713. University Research (7 U.S.C. 1632(a) and (b)) is extended through 2011.

Sec. 714. Extension Service (7 U.S.C. 3312) is extended through 2011.

Sec. 715. Supplemental and Alternative Crops (7 U.S.C. 3319d(a)) is extended through 2011.

Sec. 716. Aquaculture Research Facilities (7 U.S.C. 3324) is extended through 2011.

Sec. 717. Rangeland Research (7 U.S.C. 3336(a)) is extended through 2011.

Sec. 718. National Genetics Resources Program (7 U.S.C. 5844) is extended through 2011.

Sec. 719. High-priority research and extension initiatives (7 U.S.C. 5925(h)) is extended through 2011.

Sec. 720. Nutrient Management Research and Extension Initiative (7 U.S.C. 5925a(g)) is extended through 2011.

Sec. 721. Agriculture Telecommunications Program (7 U.S.C. 5926(h)) is extended through 2011.

Sec. 722. Alternative Agricultural research and commercialization revolving fund authorization of appropriations (7 U.S.C. 5908(g)(1) and capitalization (7 U.S.C. 5908(g)(2)) is extended through 2011.

Sec. 723. Assistive technology program for farmers with disabilities (7 U.S.C. 5933(c)(1)) is extended through 2011.

Sec. 724. Partnerships for high-value agricultural product quality research (7 U.S.C. 7622(g)) is extended through 2011.

Sec. 725. Biobased products pilot project (7 U.S.C. 7624(c)(2) and authorization of appropriations (7 U.S.C. 7624(h)) is extended through 2011.

Sec. 726. Integrated research, education, and extension competitive grants program (7 U.S.C. 7626(c)) is extended through 2011.

Sec. 727. Institutional capacity building grants (7 U.S.C. 301 note) is extended through 2011.

Sec. 728. 1994 Institution research grants (7 U.S.C. 301 note) is extended through 2011.

Sec. 729. Endowment for 1994 Institutions (7 U.S.C. 301 note) is extended through 2011.

Sec. 730. Precision agriculture (7 U.S.C. 7623(i)) is extended through 2011.

Sec. 731. Thomas Jefferson Initiative for crop diversity (7 U.S.C. 7625(h)) is extended through 2011.

Sec. 732. Support for research regarding diseases of wheat, triticale, and barley caused by *Fusarium graminearum* or by *Tilletia Indica* (7 U.S.C. 7628(c)) is extended through 2011.

Sec. 733. Office of Pest Management Policy (7 U.S.C. 7653) is extended through 2011.

Sec. 734. National Agricultural Research, Extension, Education and Economics Advisory Board (7 U.S.C. 3123(h)) is extended through 2011.

Sec. 735. Grants for research on production and marketing of alcohols and industrial hydrocarbons from agricultural commodities and forest products (7 U.S.C. 3154(d)) is extended through 2011.

Sec. 736. Biomass research and development (7 U.S.C. 7624 note) is extended through 2011.

Sec. 737. Agricultural Experiment Stations Research Facilities (7 U.S.C. 390d) is extended through 2011.

Sec. 738. Competitive, Special, and Facilities Research Grants, National Research Initiative (7 U.S.C. 450(i)) is extended through 2011.

Sec. 739. Federal agricultural research facilities authorization of appropriations (P.L. 99–198; 99 Stat. 1556) is extended through 2011.

#### Subtitle B—Modifications

Sec. 741. Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended in section 534(a)(1)(A) by increasing the authorization of appropriations, modifying the definition by which full-time equivalent Indian Student Count is calculated, and updating the names of institutions.

Sec. 742. The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended to make 1994 Land Grant Institutions eligible to compete for grants under section 1404(4) (7 U.S.C. 3103(4)).

Sec. 743. The Initiative for Future Food and Agricultural Systems (7 U.S.C. 7621(c)(2)), Precision Agriculture (7 U.S.C. 7623), the Thomas Jefferson Initiative for Crop Diversity (7 U.S.C. 7625(a)), and the Coordinated Program of Research, Extension, and Education to Improve Viability of Small and Medium Size Dairy, Livestock, and Poultry Operations (7 U.S.C. 7627) are amended to include energy efficiency and renewable resources in priority research areas. Support for Research Regarding Diseases of Wheat, Triticale, and Barley caused by *Fusarium graminearum* or by *Tilletia Indica* (7 U.S.C. 7628(a)) is amended to include research related to Karnal bunt identification and control. A new section is added to the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) to authorize a Program to Control Johne's Disease. The Committee intends that this research program shall be limited to evaluation of efforts to control bovine Johne's disease. The Committee does not intend that this provision should be interpreted to authorize the Secretary to purchase cattle for purposes of disease eradication.

Sec. 744. The Agricultural Genome Initiative (7 U.S.C. 5924(b)) is amended to include plant pathogens as an eligible research priority. The High-Priority Research and Extension Initiative (7



U.S.C. 5925(e)) is amended to include several new high-priority research and extension projects. The Committee recognizes the importance and quality of work being done by the Texas Institute for Applied Environmental Research (TIAER) in the area of environment and private lands research and extension. The Committee further recognizes that TIAER is an example of the type of institution intended to receive grants under the High Priority Research and Extension Initiatives for Environment and Private Lands Research and Extension.

Sec. 745. The National Agricultural Research, Extension, Education and Economics Advisory Board (7 U.S.C. 3123) is amended to add a non Land-grant college or university representative to the board, and provide authority for the board to consult with Congress and non research agencies of the U.S. Department of Agriculture. Grants for Research on Production and Marketing of Alcohols and Industrial Hydrocarbons from Agricultural Commodities and Forest Products (7 U.S.C. 3154) is amended to include industrial oilseed crops. The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)) is amended to authorize an internship program in Foreign Agriculture Service overseas offices.

Sec. 746. Biomass Research and Development (7 U.S.C. 7624 note) is amended to include biodiesel in the Congressional Statement of Findings, to include animal by-products in the definition of "Biomass", and to add a livestock trade association representative to the Biomass Research and Development Technical Advisory Committee.

Sec. 747. Biotechnology Risk Assessment Research (7 U.S.C. 5921) is amended to ensure that risk assessment projects carried out under this program compare the risks associated with products of agricultural biotechnology to those associated with traditionally bred plants and animals.

The Committee believes that environmental assessment research related to biotechnology plants and animals should include benefits that accrue to the environment as well as any potential impact on the environment.

The Committee intends that the types of research authorized under this section shall evaluate the relative risks of biotechnology-derived plants and animals. Research projects under this section shall include comparative analysis between biotechnology systems and other production systems such as organic, high intensity and low input farming. In addition, biotechnology derived plants and animals should be compared relative to other production system's impact on the environment (i.e. alternative pesticide, herbicide, irrigation or management practices).

The Committee intends that biotechnology risk assessment research shall be science-based and shall be carried out according to the principles laid out in the current regulatory system for evaluating the human, animal and environmental safety standards for approving biotech plants and foods.

Any funds, either appropriated or assessed, to carry out this section and any implementation plan developed by the Secretary to achieve the objectives of this section shall be expended after consultation with the National Agricultural Research, Extension, Education, and Economics Advisory Board.

Currently the Secretary assesses funds on six categories of research that have been defined as biotechnology research. However, all funds for risk assessment purposes continue to focus on a single category dealing with recombinant DNA risk assessment research. The Committee intends that the Secretary shall ensure that all assessments are equally applicable to all areas defined as biotechnology by the Secretary to ensure that all potential benefit and risk of this field of science is being evaluated.

Sec. 748. The National Competitive Grants Research Initiative (7 U.S.C. 450(i)) is amended to provide for consultation on development of program priorities with the National Agriculture Research, Extension, Education, and Economics Advisory Board.

Sec. 749. The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222d) is amended to phase in an increased matching requirement for non-Federal funds for 1890 land-grant colleges and universities to 100% by 2007. A new section is added to allow for a 50% matching requirement for the 1972 Land-Grant Colleges in the United States Territories. The Secretary is granted authority to waive the matching requirement if it is unlikely that a Territorial college will be able to satisfy the matching requirement in an individual fiscal year.

Sec. 750. The Initiative for Future Agriculture and Food Systems (7 U.S.C. 7621) is amended to provide a total of \$1,160,000,000 to be transferred from the Treasury in equal increments for each fiscal year beginning on October 1, 2003 through September 30, 2011. Funds transferred beginning on October 1, 2003 would be available until expended.

Sec. 751. Carbon Cycle Research (P.L. 106–224; 114 Stat. 407) is amended to provide an authorization of appropriations so that a discretionary program could be continued.

Sec. 752. The Research Facilities Act (7 U.S.C. 390(2)(3)) is amended to strike the definition of Food and Agricultural Sciences and instead refer to the definition of Food and Agricultural Sciences in section 1408(8) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977.

Sec. 753. The Smith-Lever Act (7 U.S.C. 343(b)(3)) is amended to provide that “such sums as are necessary” may be appropriated to carry out this section.

#### Subtitle C—Related Matters

Sec. 761. New authority is provided for resident instruction at land-grant colleges in United States Territories, subject to the availability of appropriations.

Sec. 762. The Plant Protection Act (7 U.S.C. 7715(c)), Animal Industry Act (21 U.S.C. 114a) and the Act of September 25, 1981 (7 U.S.C. 147b) are amended to provide for more efficient management of declarations of extraordinary emergencies and transfer of funds from the Commodity Credit Corporation. A new section (419(a)) is added to the Plant Protection Act to require the Secretary to determine if uses of methyl bromide required by state, local and tribal authorities to control the spread of plant pests and noxious weeds shall be authorized. In addition, the Secretary would maintain a registry of authorized uses.

#### Subtitle D—Repeal of Certain Activities and Authorities

Sec. 771. Food safety research information office and national conference (7 U.S.C. 7654(b)) National Conference and (c) Food Safety Report are repealed.

Sec. 772. Reimbursement of expenses under sheep promotion, research, and information Act of 1994 (P.L. 105–185; 112 Stat. 607) is repealed.

Sec. 773. National Genetic Resources Program advisory council (7 U.S.C. 5843) is repealed.

Sec. 774. National Advisory Board on Agricultural Weather (7 U.S.C. 5853) is repealed.

Sec. 775. Agricultural Information Exchange with Ireland (P.L. 99–198; 99 Stat. 1551) is repealed.

Sec. 776. Pesticide Resistance Study (P.L. 99–198; 99 Stat. 1558) is repealed.

Sec. 777. Expansion of Education Study (P.L. 99–198; 99 Stat. 1559) is repealed.

Sec. 778. Support for advisory board of the National Agriculture Library (7 U.S.C. 3127) is repealed.

Sec. 779. Task force on 10-year strategic plan for agricultural research facilities (7 U.S.C. 390b) is repealed.

#### Subtitle E—Agriculture Facility Protection

##### *Sec. 790. Agriculture facility protection*

The Research Facilities Act (7 U.S.C. 390 et seq.) is amended by adding a new section to provide the Secretary with authority to investigate and assess civil penalties in cases of reckless or intentional destruction of animal or agricultural enterprises. A civil penalty assessed by the Secretary against a person for a violation shall be not less than the total cost incurred by the Secretary and the total cost of the economic damage suffered by the agricultural enterprise. A fund to assist victims of disruption would be established in the Treasury consisting of that portion of each civil penalty that represents the recovery of economic damages. The Secretary of Agriculture shall use the fund to compensate an animal or agricultural enterprise for economic losses.

#### TITLE VIII—FORESTRY INITIATIVES

##### *Sec. 801. Repeal of Forestry Incentives Program and Stewardship Incentive Program*

Repeals the Forestry Incentives Program and Stewardship Incentive Program located in section 4 and section 6 of the Cooperative Forestry Assistance Act of 1978 respectively.

##### *Sec. 802. Establishment of Forest Land Enhancement Program*

Creates a new program administered through NRCS. FLEP will provide cost-share assistance to non-industrial private forest landowners who agree to develop a management plan and implement approved activities for a period of not less than 10 years.

The Secretary is directed to cooperate with other federal and state agencies as well as the private sector in implementing the program.

The maximum amount of cost-share is limited to a sum not to exceed 75% of the total cost. The Secretary is directed to determine the maximum amount of payments by any one owner.

FLEP is funded with \$15 M in mandatory money per year for fiscal years 2002 through 2011.

*Sec. 803. Renewable resources extension activities*

Reauthorizes the Renewable Resources Extension Act through 2011. Provides \$30 million of discretionary money.

Also creates a Sustainable Forestry Outreach Initiative within the RREA which would provide education to landowners about sustainable forestry practices.

*Sec. 804. Enhanced community fire protection*

Directs the Secretary to coordinate with local communities in implementing the rural fire prevention and control strategies.

Also creates a Community and Private Land Fire Assistance Program which enables the Secretary to undertake a variety of activities aimed at preventing fires on both federal and non-federal lands. Provides \$35 million of discretionary money.

*Sec. 805. International forestry programs*

Reauthorizes the International Forestry Program through 2011.

*Sec. 806. Long-term forest stewardship*

Contracts for hazardous fuels removal and implementation of the National Fire Plan. Gives the Secretary the authority to enter into stewardship end result contracts to implement the National Fire Plan on Federal lands.

*Sec. 807. McIntire-Stennis Cooperative Forestry Research Program*

Reaffirms the importance of Public Law 87–88, the McIntire-Stennis Cooperative Forestry Act.

The Forestry Initiatives Title modifies USDA assistance programs for State and private forestry.

The Forestry Title repeals the Forestry Incentives Program and the Stewardship Incentives Program and creates a new program in their place, the Forest Land Enhancement Program (FLEP). FLEP provides cost-share assistance to landowners for a wide range of activities including the development of land management plans. The Secretary of Agriculture is directed to distribute \$150 million for FY 2002 through FY 2011 in mandatory spending through the Natural Resources Conservation Service (NRCS) to the State forestry agencies for landowner assistance. It is the intent of the Committee that the funds made available for FLEP are to be used by the State Foresters in direct landowner assistance activities.

The Sustainable Forestry Outreach Initiative, within the Renewable Resources Extension Act, directs the Secretary through Extension Services to create a new program for the purpose of educating landowners about: the value and benefits of practicing sustainable forestry; the importance of professional forestry advice in achieving sustainable forestry objectives; and, the variety of public and private sector resources available to assist them in planning for and practicing sustainable forestry. The objective of this program is to articulate the importance of sustainable forest management on

nonindustrial private lands, and to develop a marketing program designed to provide private landowners with information on all Federal, State, and Private programs developed to assist private landowners with sustainable forest management options.

## TITLE IX—MISCELLANEOUS PROVISIONS

### Subtitle A—Tree Assistance Program

#### *Sec. 901. Eligibility*

Requires the Secretary of Agriculture to provide assistance to eligible orchardists that planted trees for commercial purposes but lost such trees as a result of a natural disaster. Orchardists qualify for assistance only if tree mortality exceeds 15%.

#### *Sec. 902. Assistance*

Consists of either reimbursement of 75% of the cost of replanting eligible trees lost or, at the discretion of the Secretary, sufficient seedlings to reestablish the stand.

#### *Sec. 903. Limitation on assistance*

Payment limitation per person may not exceed \$50,000 or an equivalent value in tree seedlings. Requires the Secretary to issue regulations defining “person.” Requires the Secretary to issue regulations prescribing rules to ensure a fair and reasonable application of the limitation established under this section.

#### *Sec. 904. Definitions*

Defines “eligible orchardist,” “natural disaster,” and “tree”.

### Subtitle B—Advisory Council and Federal Interagency Working Group on Upper Mississippi River

#### *Sec. 911. Definitions*

Defines “Advisory Council,” “Upper Mississippi River Basin,” and “Upper Mississippi River Stewardship Initiative.”

#### *Sec. 912. Establishment of Advisory Council on the Upper Mississippi River Stewardship Initiative*

Creates an advisory council to provide guidance regarding the Upper Mississippi River Stewardship Initiative. Members shall be appointed by the governors of the states of Minnesota, Wisconsin, Illinois, Iowa and Missouri. Membership shall also include members drawn from the state technical committees in each of the states named above.

#### *Sec. 913. Responsibilities of Advisory Council*

Provides that the Advisory Committee shall serve as a means for coordination, communication and information sharing regarding issues in the Upper Mississippi River Basin such as science and technology concerning conservation practices. Requires the Advisory Council to prepare an annual report regarding publicly-financed efforts to reduce sediment and nutrient loss. Provides for the creation of specific issue task forces within the Advisory Council as needed. Requires the Advisory Council to hold an annual public meeting in each state represented on the council to formu-

late recommendations and seek public input regarding methods and priorities to reduce nutrient and sediment loss in the Upper Mississippi River Basin.

*Sec. 914. Advisory nature of Council*

Provides that the Advisory Council is purely advisory in nature. However, the Secretary and the heads of other federal agencies in the interagency working group established in section 915 shall give strong consideration to the Council's recommendations in administering the natural resources programs in the region.

*Sec. 915. Federal interagency working group*

Requires the Secretary of Agriculture and the Secretary of the Interior to establish an interagency working group to coordinate federal nutrient and sediment reduction efforts in the Upper Mississippi River Basin under the Initiative.

*Sec. 916. Authorization of appropriations*

Authorizes \$400,000 for each of fiscal years 2003 through 2011 to carry out this subtitle.

Subtitle C—Other Matters

*Sec. 921. Hazardous fuels reduction grants to prevent wildfire disasters and transform hazardous fuels to electric energy, useful heat or transportation fuels.*

Authorizes the Secretary to make grants to energy producers who purchase hazardous fuels (unnaturally excessive accumulations of organic material), derived from forests lands, for use in the production of electric energy, useful heat, or transportation fuels. The grants will be awarded based on the planned purchase of such hazardous fuels and the level of anticipated benefit to reduce wildfire risk. There are authorized to be appropriated \$50,000,000 for each fiscal year to carry out this program.

Hazardous fuels that are removed from forest lands for wildfire prevention represent an abundant renewable resource as well as a significant supply of biomass that can be used for energy production. In establishing the Hazardous Fuels to Energy Grant Program, it is the intent of the Committee to encourage the use of forest-derived biomass in the production of electric energy, useful heat, or transportation fuels, while simultaneously providing an alternative use for hazardous fuels that may contribute to the occurrence of wildfires. These grants will assist energy producers by offsetting some of the costs associated with utilizing and transporting the hazardous fuel to the biomass-to-energy facility. These grants will be awarded based on the level of anticipated benefit to reduce wildfire risk and therefore, may potentially benefit more than 20,000 communities in the United States that are at risk to wildfires. Additionally, these grants will benefit energy consumers by providing a mechanism for increasing production of alternative energy sources.

*Sec. 922. Bioenergy Program*

Requires the Secretary to include animal fats, agricultural by-products, and oils as eligible commodities under the existing Bioenergy Program (7 CFR 1424).

The Committee recognizes the role of the Bioenergy Program in encouraging the industrial consumption of agricultural commodities for the production of ethanol and biodiesel fuels. The Committee also recognizes that the expansion of alternative markets for agricultural commodities depends upon the stability of such programs. Therefore, the Committee encourages the Secretary to continue the Bioenergy Program under authority provided in Section 5(e) of the Commodity Credit Corporation Charter Act. Additionally, for the purpose of treating all agriculturally-derived biobased products equitably, animal fats, agricultural by-products, and oils are to be added to the list of eligible commodities.

*Sec. 923. Availability of section 32 funds*

Amends the second undesignated paragraph of section 32 of 7 U.S.C. 612c by striking “\$300,000,000” and inserting “\$500,000,000”.

*Sec. 924. Seniors farmers’ market nutrition program*

Allows Secretary to use \$15,000,000 for each of fiscal years 2002 through 2011 to carry out and expand a seniors farmers’ market nutrition program. Further explains purposes of program.

*Sec. 925. Federal marketing order for cane berries*

Requires Secretary to issue a Federal marketing order for cane berries grown in the United States.

A Federal Marketing Order for cane berries will allow producers to promote orderly marketing through collectively influencing the supply, demand or price and to pool resources to finance research and promotion. Producers need this tool to address low prices due, in part, to overproduction.

Fruit and Vegetable Advisory Committee—Presently USDA has oversight of numerous programs that impact and influence the day to day activities of the produce industry, many unique to the specialty crop industry. During the past Congress, the Secretary of Agriculture approved a USDA Fruit and Vegetable Advisory Committee which was strongly supported by industry. However, the structure and/or appointments have not yet been decided on. To ensure that industry members and federal officials maintain an open dialogue to provide suggestions and ideas on how USDA administers fruit and vegetable programs to meet the industry’s changing needs, the Managers encourage the Secretary of Agriculture to finish completion of the review process to establish and appoint members to this Fruit and Vegetable Advisory Committee.

*Sec. 926. National Appeals Division*

Provides that if an appellant prevails at the regional level in an administrative appeal of a decision by the National Appeals Division, the Agency may not pursue an administrative appeal of that decision to the national level.

*Sec. 927. Outreach and assistance for socially disadvantaged farmers and ranchers*

The outreach program for socially-disadvantaged farmers and ranchers contained in Sec. 2501 of the Food, Agriculture, Conservation and Trade Act of 1990 is amended by increasing the authorization of appropriations from \$10 million in each fiscal year to \$25 million.

COMMITTEE VIEWS ON OTHER ISSUES

ADJUSTED GROSS REVENUE INSURANCE REPORT LANGUAGE

On June 20, 2000, the Agricultural Risk Protection Act of 2000 was signed into law (ARPA; P.L. 106-224). ARPA made comprehensive changes in the Federal Crop Insurance Program. One purpose of that Act is to ensure that the Risk Management Agency has ample flexibility to operate pilot programs free of administrative restrictions that had previously hindered the ability to broadly test new ideas. Specifically, as added by ARPA, section 523 of the Federal Crop Insurance Act authorizes RMA to approve a pilot program on a regional, State, or national basis, to operate a pilot program for 4 years, and to extend the time of a pilot program beyond 4 years if it determines such an extension to be appropriate.

The Committee is aware that the Risk Management Agency currently operates an Adjusted Gross Revenue (AGR) Pilot Program. Where it is offered, the program is available to all producers in some participating states but only to producers in particular counties in other States. The program is offered Statewide in Delaware, Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, New Jersey and Vermont. It is only offered in specified counties in the States of Florida, Idaho, Maryland, Michigan, New York, Oregon, Pennsylvania, Virginia, and Washington. The Committee is also aware of considerable interest in the protection offered by the AGR policy in other States.

The Committee is encouraged by the popularity and performance of the AGR program where it has been offered under the current pilot. The Committee expects the Risk Management Agency to move quickly to make the pilot program available to additional producers throughout the nation. Because the policy has proven to be particularly beneficial as a risk management tool for specialty crop producers, the Committee strongly recommends that RMA make the product available for States with high volumes of fruit and vegetable production, such as California. The Committee also expects the RMA to use the authority granted in section 523(a)(4)(A) of the FCIA to operate the program on a statewide basis in those States where it is currently offered only in specified counties.

COMMITTEE CONSIDERATION

*I. Hearings*

In the 106th Congress, Members of the House Committee on Agriculture traveled to 10 cities throughout rural America, convening field hearings on farm policy that were heard live over the Committee's Internet site. Allowing for the broadest discussion possible, the Committee encouraged testimony beyond the effect of the current farm bill, to seek producer specifics on what is working—and



what can work better—in all areas of federal farm policy. Producers were strongly supportive of the flexibility of the “Freedom to Farm” concept, and in agreement with Committee Members critique of the federal government’s failure to pursue other promised elements of the market-oriented legislation: tax relief, reducing regulatory burdens, and the opening of more world markets for American agricultural products.

Under the leadership and initiative of Chairman Combest, and the support of Ranking Minority Member Stenholm, these Farm Policy Field Hearings enjoyed high attendance—totaling more than 2,500 present in the audiences, 200 witnesses, and the high degree of participation by Members of the Committee. While producers were unable to agree on specifics for new policy initiatives, the personal involvement of Agriculture Committee Members traveling thousands of miles to listen to local farmers and ranchers in their communities contributed to expressions of producer confidence in Members’ willingness to continue to work for consensus.

The Committee concluded this comprehensive review with a series of hearings in Washington, D.C., and heard from leaders of national farm organizations, national commodity organizations and producer groups that face many issues distinct to their industries.

At the beginning of the 107th Congress, House Agriculture Committee Members began the process of building consensus in future farm policy by convening January 31, 2001, to examine the final report of the Commission on 21st Century Production Agriculture, that was created in the 1996 farm bill to complete a comprehensive review regarding the current status of agriculture, taking into account economic risk, food security, trade, international competitiveness of U.S. production, farmland values, producer incomes, and regulatory and tax relief for farmers and ranchers.

Shortly after this hearing, the Committee began a series of hearings on the future of farm policy that challenged commodity and farm groups to provide detailed policy proposals, as well as how their proposals would affect related industries, impact America’s ability to move products in the world market, how it would comport with U.S. trade agreements, and the impact on the federal budget and overall spending on farm programs.

Over 15 commodity and farm groups met this challenge and helped give the Committee the tools to shape a four page concept paper that was based upon these specific proposals.

Also instrumental to the concept paper were hearings before the Committee and its Subcommittees which focused on trade, forestry, conservation, nutrition, credit, research, and rural development.

The concept paper developed by the Committee maintained the planting flexibility that had proven so popular with producers. It guaranteed counter-cyclical income that increases payments to producers when prices fall without having to enact new legislation. It made oilseeds full partners in the commodity programs for major field crops and does so on an equitable basis and allows producers a choice to maintain current contract payment acres or to update payment acres for recent plantings and makes counter-cyclical payments on fixed production reduced by market distortions caused by government payments. The concept paper also grants relief to sugar and wool and mohair producers and provides funds to re-

vamp the peanut program to help adjust to challenges from global markets.

The concept paper expanded the Conservation Reserve Program to just below 40 million acres and helps livestock and crop producers meet environmental goals by reauthorizing the Environmental Quality Incentives Programs at an annual funding level of \$1.2 billion. It helps farmers and ranchers promote their products overseas and access foreign markets by reauthorizing and increasing funding for the Market Access Program.

The concept paper continued the investment in the future of American agriculture by increasing funding for agricultural research, extension, and education programs. Expanding the program that helps distribute food to food and soup kitchens, while increasing access to the food stamp program for families in need by providing an additional \$2 billion to simplify administration.

The Committee then concluded with a series of hearings to hear the viewpoints of panelists representing producers, commodity groups, agribusiness, conservation and rural development interests concerning the concept paper.

## *II. Full committee consideration*

The Committee on Agriculture met, pursuant to notice, with a quorum present, on July 26, 2001, to consider H.R. 2646, the Agriculture Act of 2001.

Chairman Combest made an opening statement as did Ranking Member Stenholm. Other Members were also acknowledged for brief remarks and opening statements including Messrs. Dooley, Smith, Kind, Baldacci, and Mrs. Clayton.

Without objection, H.R. 2646 was placed before the Committee and open for amendment at any point. Committee Counsel was then recognized to give a brief summary of the bill.

Mrs. Clayton was then recognized and moved that the nutrition title be adopted as a whole by the Committee. By a voice vote, the motion was agreed to and the Title IV was adopted.

Mr. Pombo was recognized to offer and explain an amendment to eliminate funding for decoupled farm payments and conservation programs to provide necessary funding for export and trade related programs. Discussion occurred and by voice vote, the amendment failed.

Mr. Dooley was recognized to offer and explain an amendment to establish an AMTA 2% payment modification to increase funding for the Initiative for Future Food and Agricultural Research Title. Discussion occurred and by voice vote, the amendment failed.

Mrs. Clayton was recognized to offer and explain an amendment to instruct the Secretary of Agriculture to impose assessment upon fixed, decoupled farm payments to provide necessary funds for rural development. Discussion occurred and by voice vote, the amendment failed.

Mr. Goodlatte was recognized to offer and explain an amendment to provide funding for rural local television broadcast signal loan guarantees. By unanimous consent, the amendment was incorporated into the base text of the bill.

Mr. Osborne was recognized to offer and explain an amendment to increase the Research Initiative for Future Agricultural Systems

by \$200 million. Discussion occurred and by a roll call vote of 26 yeas—20 nays, the amendment was adopted. See Roll Call Vote #1.

Mr. Putnam was then recognized to offer and explain an amendment to make \$50,000,000 available for a Pest Detection Program through the Animal and Plant Health Inspection Service. Discussion occurred and by voice vote, the amendment failed.

Mr. Berry was recognized to offer and explain an amendment to increase the payment limitation for loan deficiency payments and marketing loan gains during any crop year from \$75,000 to \$150,000. Discussion occurred and by voice vote, the amendment was adopted.

Mr. Smith was recognized to offer and explain an amendment to set a payment limitation of \$150,000 per producer on benefits received through loan deficiency payments, marketing loan gains, commodity certificates, and loan forfeitures. Representatives from the USDA were called upon for comment, including, Mr. Ralph Linden with the Office of the General Counsel, and Mr. Brad Karmen with the Farm Service Agency. Discussion occurred and by voice vote, the amendment failed.

Mr. Boswell was recognized to offer and explain an amendment to establish an energy reserve containing an amount of farm commodities equal to one year's production of ethanol and bio-diesel. Discussion occurred and without objection, the amendment was withdrawn.

Mr. Peterson was recognized to offer and explain an amendment establishing market loans based on economic cost of production, creating commodity reserves, and initiating a commodity inventory management program. Discussion occurred and without objection, the amendment was withdrawn.

Mr. Boehner questioned Committee Counsel on whether the marketing allotment provisions within the Sugar Chapter (Chapter 2, page 63) of the Commodities Title (Title I) would lead to trade distorting import quotas and, consequently, violate existing trade commitments. Mr. Boehner expressed concern that this would provide an incentive for USDA to set the WTO quota at its lowest possible level. An amendment was not offered.

Mr. Dooley was recognized to offer and explain an amendment to eliminate funding for counter cyclical farm payments to provide additional funds for nonrecourse marketing assistance loans. Discussion occurred and without objection, the amendment was withdrawn.

Mr. Etheridge was recognized to offer and explain an amendment to amend the Agricultural Adjustment Act of 1938 to lower required flue-cured tobacco reserves, held by the Flue-cured Tobacco Stabilization Cooperative, from 100 million pounds or 15 percent of the previous year's quota, to 75 million pounds or 10 percent of the previous year's quota. Discussion occurred and by voice vote, the amendment was adopted.

Mr. Smith was then recognized to offer and explain an amendment to allow producers to lock-in a loan deficiency payment rate any time after the harvest of a commodity. Discussion occurred and without objection, the amendment was withdrawn. Report language requested by Mr. Smith, Mr. Gutknecht, and Mr. Graves regarding flexible loan payment rates for loan deficiency payments was, however, accepted in lieu of the amendment.

Mr. Kind was recognized to offer and explain an amendment to deliver payment to dairy farmers from the Farm Service Agency when the price of any class of milk falls below \$12.50 per hundred-weight. Discussion occurred and without objection, the amendment was withdrawn.

Mr. Etheridge was recognized to offer and explain an amendment to reauthorize the Northeast Dairy Compact, as well as authorize the creation of a Southeast Dairy Compact, Pacific Dairy Compact, and an Intermountain Dairy Compact. Discussion occurred and without objection, the amendment was withdrawn.

Mr. Hayes was recognized to offer and explain an amendment to eliminate the 1.25 cent threshold with respect to cotton's competitiveness provisions for FY 2002 and 2003. Discussion occurred and without objection, the amendment was withdrawn. Report language was, however, accepted in lieu of the amendment.

Mr. Osborne brought forth his adopted amendment regarding the Research Initiative for Future Agricultural Systems to make clarifying changes. Discussion occurred and, without objection, the clarifying changes were accepted.

Mr. Thompson (CA) requested that report language be considered to direct the Secretary of Agriculture to use available conservation programs to alleviate water demands in the Klamath Basin. Discussion occurred and without objection, report language was withdrawn. Modified report language was, however, accepted.

Mr. Stenholm was recognized and made a motion to reconsider the adopted Etheridge amendment to amend the Agricultural Adjustment Act of 1938 to lower required flue-cured tobacco reserves, held by the Flue-cured Tobacco Stabilization Cooperative. Discussion occurred and without objection, the motion was withdrawn.

Mr. Boswell was recognized to offer and explain an amendment to add historical and archaeological sites for eligibility under the Farmland Protection Program. Discussion occurred and by voice vote, the amendment was adopted.

Mr. Smith was recognized to offer and explain an amendment to allow states to oversee animal feeding operations without administering federal discharge permits. Discussion occurred and without objection, the amendment was withdrawn.

Mr. Baldacci offered and explained an amendment to limit concentrated animal feeding operations for up to 25 percent cost-share payments under the Environmental Quality Incentives Program, for constructing animal waste management facilities. Discussion occurred and without objection, the amendment was withdrawn.

Mr. Pombo offered and explained an amendment to protect ranchers and farmers from the sharing of confidential information with other government agencies when applying to conservation programs. Discussion occurred and by voice vote, the amendment was adopted.

Mr. Pombo, Mr. Ose, and Mr. Bishop expressed concern that report language be considered to clarify conservation program information sharing. Without objection, report language was accepted.

Mr. Ose expressed concern that report language be considered to eliminate the need to submit a new conservation program application if the operation had not changed from the previous year. Discussion occurred and without objection, report language was accepted.

Mr. Kind offered an amendment to increase funding for USDA incentive and easement programs. Discussion occurred and without objection, the amendment was withdrawn.

Mr. Pickering offered an amendment to take \$100 million over ten years from the Farmland Protection Program and transfer funds to the new Forest Land Enhancement Program. By a roll call vote of 23 yeas—25 nays, the amendment failed. See Roll Call Vote #2.

Mrs. Clayton was recognized to offer and explain an amendment on behalf of herself and Mr. Thune to establish an international food for education and infant and child nutrition program to be carried out under section 416(b) of the Agricultural Act of 1949. Discussion occurred and without objection, the amendment was withdrawn, with the understanding that any jurisdictional issues would be worked out with the Committee on International Relations.

Mr. Pombo was recognized to offer and explain an amendment to increase participation in value-added agricultural product market development grants. Discussion occurred and by voice vote, the amendment was adopted.

Mr. Pombo was again recognized to offer and explain an amendment to promote value-added products through the Foreign Market Development Program. Discussion occurred and by voice vote, the amendment was adopted.

Mr. Stenholm, Mr. Ose, Mr. Thompson (CA), and Mr. Berry requested that report language on the Foreign Market Development Program be considered. Discussion occurred and without objection, report language was accepted.

Mr. Bishop was then recognized to offer and explain an amendment to modify Sec. 1, Sec. 2, and Sec. 3 of the trade title. Discussion occurred and without objection, the amendment was withdrawn.

Mrs. Clayton was recognized to offer and explain an amendment to establish authority for a program to allow for a bi-lateral exchange of African and Caribbean farmers. Discussion occurred and without objection, the amendment was withdrawn, with the understanding that the Chairman would work with Mrs. Clayton before the legislation reaches the House Floor.

Mr. Etheridge was recognized to offer and explain an amendment to use Market Access Program funds to promote leaf tobacco. Discussion occurred and by voice vote, the amendment was adopted.

Mr. Acevedo-Vilá was recognized to offer and explain report language to urge the Secretary to provide technical assistance and financial support for the Puerto Rico Department of Agriculture to support the market promotion of specialty crops, such as mangoes and plantains. Discussion occurred. Mr. Putnam expressed concern that this report language may promote one nation's produce over that of another. Further discussion occurred and without objection, report language was accepted.

Mr. Chambliss was recognized to offer and explain an amendment to phase out direct loans after five years and require a report on USDA direct lending. Discussion occurred and by unanimous consent, the amendment was amended to also include a study of USDA guaranteed lending. Further discussion occurred and by voice vote, the amendment, as amended, was adopted.

Mrs. Clayton was recognized to offer and explain an amendment to allow farmers and ranchers to remain eligible for USDA credit through two experiences of debt forgiveness. Discussion occurred and by unanimous consent, the amendment was amended. Further discussion occurred and by voice vote, the amendment, as amended, was adopted.

Mr. Ose was recognized to offer and explain an amendment to consider intangible assets and subordinated unsecured debt in determining eligibility of farmer owned cooperative for business and industry guaranteed loans. Discussion occurred and by unanimous consent, the amendment was amended by changing "shall" to "may" in line 15. By voice vote, the amendment, as amended, was adopted.

Mr. Dooley was recognized to offer and explain an amendment to remove the ban on limiting eligibility of Farmer Cooperatives for business and industry loan guarantee, based on population of area in which the cooperative is located. Discussion occurred and by voice vote, the amendment was adopted.

Mr. Baldacci was recognized to offer and explain an amendment to allow communities designated as Rural Enterprise Communities or Rural Empowerment Zones to apply for and receive USDA rural development loans for community facilities. Discussion occurred and by unanimous consent, the amendment was amended to include Champion Communities. Further discussion occurred and by voice vote, the amendment, as amended, was adopted.

Mr. Peterson was recognized to offer and explain an amendment on behalf of himself and Mr. Fletcher to treat horses the same as other livestock under the Consolidated Farm and Rural Development Act. Discussion occurred and by voice vote, the amendment was adopted.

Mr. Dooley was recognized to offer and explain an amendment to train farm workers in new technologies and specialized skills necessary for higher value crops. Discussion occurred and by voice vote, the amendment was adopted.

Mr. Kind was recognized to offer and explain an amendment to allow manure reuse loans and grants for the purpose of energy generation. Discussion occurred and it was determined that this amendment was already contained within the under lying bill. Without objection, the amendment was withdrawn.

Mr. Putnam was recognized to offer and explain an amendment to expand the Business and Industry Loan Program for the purchase of stock in a farmer cooperative to existing cooperatives. Discussion occurred and by voice vote, the amendment was adopted.

Mr. Kind was recognized to offer and explain an amendment to establish a Bovine Johne's Disease Control Program. Discussion occurred and by voice vote, the amendment was adopted.

Mr. Smith was then recognized to offer and explain an amendment to provide research and development grants for the purpose of plant genome expression research. Discussion occurred and by voice vote, the amendment was adopted.

Mr. Kind was then recognized to offer and explain an amendment establishing a livestock disease research and education program to preempt potentially devastating biosecurity threats to animal agriculture. Discussion occurred and without objection, the amendment was withdrawn.

Mr. Thompson (CA) was recognized to offer and explain an amendment to include tribal programs under the Cooperative Forestry Assistance Act of 1978. Discussion occurred and without objection, the amendment was withdrawn.

Mr. Smith was recognized to offer and explain an amendment to require members of the state Farm Service Agency Committee to select the State Director from not less than 2 people nominated by the Secretary. Discussion occurred and without objection, the amendment was withdrawn.

Mrs. Clayton was recognized to offer and explain an amendment to amend the Agricultural Fair Practices Act to protect the ability of farmers to negotiate fair contracts with processors. Discussion occurred and without objection, the amendment was withdrawn.

Mr. Moran was recognized to offer and explain an to prohibit the National Appeals Division Director from overturning regional National Appeals Division decisions in the producer's favor. By a show of hands of 24 yeas—20 nays, the amendment was amended to strike the attorney provisions in Sec. 283. Further discussion occurred and by voice vote, the Moran amendment, as amended, was adopted.

Mrs. Clayton was recognized to offer and explain an amendment to establish a proactive system to identify and hold the USDA accountable for gaps in services to socially disadvantaged farmers and ranchers. Discussion occurred and without objection, the amendment was withdrawn.

Mr. Thune was recognized to offer and explain an amendment on behalf of himself and Mr. Ross to create a new title requiring the Secretary of Agriculture, acting through the Agricultural Marketing Service, to administer country-of-origin labeling of meats, including, beef, lamb, pork, perishable commodities, and farm raised fish. Extensive discussion occurred, however, a series of votes on the House Floor precluded a full discussion of this amendment, and the Committee adjourned to reconvene on July 27, 2001.

On the morning of July 27, 2001, Chairman Combest called the meeting to order for the continued consideration of H.R. 2646, The Farm Security Act of 2001, a bill by Mr. Combest and Mr. Stenholm to provide for the continuation of agricultural programs through fiscal year 2011.

Discussion resumed with the Thune-Ross amendment, addressing the topic of country-of-origin labeling. Mr. Kenneth Clayton of the Agricultural Marketing Service and Ms. Debra Henke of the Foreign Agriculture Service were called upon for comment.

Mr. Hayes was recognized to offer and explain an amendment to the Thune-Ross amendment to exempt pork from country-of-origin labeling. Ms. Linda Swacina of the Food and Nutrition Service was called upon for comment. Discussion occurred and by voice vote, the amendment failed.

Mr. Dooley was recognized to offer and explain an amendment to the Thune-Ross amendment to require the Secretary of Agriculture to develop and implement a mandatory animal identification system for cattle, hogs, and sheep prior to implementation of country-of-origin labeling. Discussion occurred and by voice vote, the amendment was adopted.

Mr. Stenholm was recognized to offer and explain an amendment to the Thune-Ross amendment, exempting retailers in the state of

Texas from country-of-origin labeling. Discussion occurred and without objection, the amendment was withdrawn.

Mr. Osborne was recognized to offer and explain an amendment to the Thune-Ross amendment to limit applicability of country-of-origin labeling to animals that have been raised in the United States for 100 days. Discussion occurred and without objection, the amendment was withdrawn.

Mr. Peterson was recognized to offer and explain an amendment to the Thune-Ross amendment to include poultry in country-of origin labeling. Discussion occurred and by voice vote, the amendment was adopted.

Mr. Bishop was recognized to offer and explain an amendment to the Thune-Ross amendment to require retailers to inform consumers, at the final point of sale, of the country-of-origin of peanuts and peanut products. Discussion occurred and by voice vote, the amendment was adopted.

Mr. Pickering was recognized to offer and explain an amendment to the Thune-Ross amendment requiring USDA to submit recommendations to Congress on how to implement country-or-origin labeling. Discussion occurred and by voice vote, the amendment failed.

By voice vote, the amendment offered by Mr. Thune and Mr. Ross to create a new title requiring the Secretary of Agriculture, acting through the Agricultural Marketing Service, to administer country-of-origin labeling of meats, including beef, lamb, pork, perishable commodities, and farm raised fish, failed.

Mr. Ross was then recognized to offer and explain an amendment to require retailers of farm raised fish to inform consumers, at the final point of sale, of the country-of-origin of the commodity. Discussion occurred and the amendment was ruled out of order.

Mr. Kind was recognized to offer and explain an amendment to authorize the establishment of an Advisory Council and Federal Interagency Working Group on the Mississippi River. Discussion occurred and by voice vote, the amendment was adopted.

Mr. Hilliard was recognized to offer and explain an amendment to increase the authorization for socially disadvantaged farmers and ranchers from \$10 million to \$25 million. Discussion occurred and by voice vote, the amendment was adopted.

There being no further amendments, Mr. Stenholm moved that H.R. 2646, as amended, be adopted and reported favorably to the House with the recommendation that it pass. By voice vote, the motion was agreed to in the presence of a quorum.

By voice vote, H.R. 2646 was ordered favorably reported, as amended, to the House of Representatives.

Mr. Stenholm moved that pursuant to clause 1 of rule XX, that the Committee authorize the Chairman to offer such motion as may be necessary in the House to go to conference with the Senate on H.R. 2646 or a similar Senate bill. Without objection, the motion was agreed to.

Mr. Stenholm further moved that the Chairman, after consultation with the Ranking Member, be authorized to make such adjustment to the spending levels in the reported version of the bill in order to ensure that the total costs of this legislation, when combined with the total cost of the crop year 2001 supplemental agri-



cultural spending bill, does not exceed the total amount authorized. Without objection, the motion was agreed to.

Without objection, staff was given permission to make any necessary clerical, technical or conforming changes to reflect the intent of the Committee.

Chairman Combest thanked all the Members for their attentiveness and good work and adjourned the meeting subject to the call of the Chair.

#### REPORTING THE BILL—ROLL CALL VOTES

In compliance with clause 3(b) of rule XIII of the House of Representatives, the Committee sets forth the record of the following roll call votes taken with respect to H.R. 2646.

##### *Roll Call #1*

Summary: Amendment to increase the Research Initiative for Future Agricultural Systems by \$200 million.

Offered by: Mr. Osborne.

Results adopted by a vote of 26 yeas, 20 nays and 5 not voting.

##### YEAS

- |                 |                      |
|-----------------|----------------------|
| 1. Mr. Boehner  | 14. Mr. Dooley       |
| 2. Mr. Pombo    | 15. Mrs. Clayton     |
| 3. Mr. Gutmacht | 16. Mr. Hilliard     |
| 4. Mr. Riley    | 17. Mr. Holden       |
| 5. Mr. Simpson  | 18. Mr. Baldacci     |
| 6. Mr. Ose      | 19. Mr. Berry        |
| 7. Mr. Johnson  | 20. Mr. McIntyre     |
| 8. Mr. Osborne  | 21. Mr. Etheridge    |
| 9. Mr. Pence    | 22. Mr. Lucas, KY    |
| 10. Mr. Rehberg | 23. Mr. Hill         |
| 11. Mr. Graves  | 24. Mr. Baca         |
| 12. Mr. Putnam  | 25. Mr. Ross         |
| 13. Mr. Condit  | 26. Mr. Acevedo-Vilá |

##### NAYS

- |                  |                      |
|------------------|----------------------|
| 1. Mr. Combest   | 11. Mr. Pickering    |
| 2. Mr. Goodlatte | 12. Mr. Kennedy      |
| 3. Mr. Smith     | 13. Mr. Stenholm     |
| 4. Mr. Everett   | 14. Mr. Peterson     |
| 5. Mr. Lucas, OK | 15. Mr. Boswell      |
| 6. Mr. Chambliss | 16. Mr. Phelps       |
| 7. Mr. Moran     | 17. Mr. Thompson, CA |
| 8. Mr. Thune     | 18. Mr. Larsen       |
| 9. Mr. Jenkins   | 19. Mr. Kind         |
| 10. Mr. Hayes    | 20. Mr. Shows        |

##### NOT VOTING

- |                 |                     |
|-----------------|---------------------|
| 1. Mr. Schaffer | 4. Mr. Bishop       |
| 2. Mr. Cooksey  | 5. Mr. Thompson, MS |
| 3. Mr. Fletcher |                     |

##### *Roll Call #2*

Summary: Amendment to take \$100 million over ten years from the Farmland Protection Program and transfer funds to the new Forest Land Enhancement Program.

Offered by: Mr. Pickering.

Results failed by a vote of 23 yeas to 25 nays and 3 not voting.

## YEAS

- |                  |                      |
|------------------|----------------------|
| 1. Mr. Goodlatte | 13. Mr. Fletcher     |
| 2. Mr. Pombo     | 14. Mr. Pickering    |
| 3. Mr. Everett   | 15. Mr. Pence        |
| 4. Mr. Lucas, OK | 16. Mr. Rehberg      |
| 5. Mr. Chambliss | 17. Mr. Peterson     |
| 6. Mr. Moran     | 18. Mr. Hilliard     |
| 7. Mr. Schaffer  | 19. Mr. Bishop       |
| 8. Mr. Thune     | 20. Mr. Thompson, MS |
| 9. Mr. Jenkins   | 21. Mr. McIntyre     |
| 10. Mr. Riley    | 22. Mr. Ross         |
| 11. Mr. Simpson  | 23. Mr. Shows        |
| 12. Mr. Hayes    |                      |

## NAYS

- |                  |                      |
|------------------|----------------------|
| 1. Mr. Combest   | 14. Mr. Holden       |
| 2. Mr. Boehner   | 15. Mr. Baldacci     |
| 3. Mr. Smith     | 16. Mr. Etheridge    |
| 4. Mr. Gutknecht | 17. Mr. Boswell      |
| 5. Mr. Ose       | 18. Mr. Phelps       |
| 6. Mr. Johnson   | 19. Mr. Lucas, KY    |
| 7. Mr. Osborne   | 20. Mr. Thompson, CA |
| 8. Mr. Graves    | 21. Mr. Hill         |
| 9. Mr. Putnam    | 22. Mr. Baca         |
| 10. Mr. Kennedy  | 23. Mr. Larsen       |
| 11. Mr. Stenholm | 24. Mr. Acevedo-Vilá |
| 12. Mr. Condit   | 25. Mr. Kind         |
| 13. Mrs. Clayton |                      |

## NOT VOTING

- |                |              |
|----------------|--------------|
| 1. Mr. Cooksey | 3. Mr. Berry |
| 2. Mr. Dooley  |              |

## COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Agriculture's oversight findings and recommendations are reflected in the body of this report.

## BUDGET ACT COMPLIANCE (SECTIONS 308, 402, AND 423)

The Congressional Budget Office estimate and unfunded mandate analysis required by clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and sections 402 and 423 of the Congressional Budget Act of 1974 were not available from the Congressional Budget Office as of the date of filing of this report. The Congressional Budget Office estimate and accompanying materials will be contained in a supplemental report.

## PERFORMANCE GOALS AND OBJECTIVES

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goals and objectives of this legislation are to modify and improve current Federal agricultural support programs in order to provide for a more reliable Federal safety net for America's farmers and ranchers in fiscal years 2002 through 2011.

## CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds the Constitutional authority for this legislation in Article I, clause 8, section 18, that grants

Congress the power to make all laws necessary and proper for carrying out the powers vested by Congress in the Constitution of the United States or in any department or officer thereof.

#### ADVISORY COMMITTEE STATEMENT

In accordance with section 5(b) of the Federal Advisory Committee Act, the Committee finds that the advisory committee established by subtitle B of title IX of this legislation is necessary to carry out the functions and responsibilities contained therein.

#### APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act (Public Law 104–1).

#### COMMITTEE COST ESTIMATE

Pursuant to clause 3(d)(2) of rule XIII of the Rules of the House of Representatives, the Committee's estimate of the cost of H.R. 2646 is as follows:

*Change in direct spending, fiscal years 2002–2011, preliminary estimates, committee staff estimate*

[In millions of dollars]

Title 1: Program Crops .....	45,278
Title 1: Other Commodities .....	4,525
Title 2: Conservation .....	16,086
Title 3: Trade .....	1,343
Title 4: Food & Nutrition .....	3,648
Title 5: Credit .....	0
Title 6: Research .....	1,160
Title 7: Rural Development .....	1,150
Title 8: Forestry .....	150
Title 9: Miscellaneous .....	150
Total .....	73,490

#### *Change in Direct Spending*

[By fiscal year, in million dollars]

FY 2002 .....	3958
FY 2003 .....	7583
FY 2004 .....	8936
FY 2005 .....	8639
FY 2006 .....	8530

#### *Increases in Program Authorization Levels*

[By fiscal year, in million dollars]

FY 2002 .....	100
FY 2003 .....	133
FY 2004 .....	116
FY 2005 .....	116
FY 2006 .....	116

#### CHANGES IN EXISTING LAW

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives changes in existing law made by the bill will be printed in a supplemental report.

## ADDITIONAL VIEWS OF CONGRESSMAN NICK SMITH

### STATE RESPONSIBILITY FOR ANIMAL WASTE MANAGEMENT

With regard to regulation of animal feeding operations under the Clean Water Act, I believe that states should have the flexibility to design functionally equivalent programs best suited to their state's needs. Many states currently have nutrient management and permitting programs to address animal feeding operations. The current authority for states to develop these programs should not be preempted, nor should the federal government add conflicting requirements to existing state programs.

Furthermore, I have concerns that the proposed AFL/CAFO rules released by EPA in December 2000 would impose an unnecessary unfunded mandate on the animal livestock industry, while providing no significant environmental benefits, and possibly even leading to environmental backsliding. Requiring states to administer federal discharge permits to almost 40,000 Concentrated Animal Feeding Operations will be extremely costly and counter-productive, as many states are already implementing successful waste management programs without one-size-fits-all federal permitting.

The federal government should work with the states in developing a new strategy for animal feeding operations and should allow existing state programs to operate in lieu of federal requirements, provided the existing state program, in combination with other point and non-point source measures, is effective in attaining and maintaining the federally approved state water quality standards.

### PRICE SUPPORT PAYMENT LIMITATIONS

This legislation does not have real limits on federal price support payments. The current committee-passed limitation of \$150,000 on benefits from loan deficiency payments and marketing loan gains is not a real limit. Large farmers are easily able to continue receiving government price support beyond the limitation amount through benefits from commodity certificates and loan forfeitures. Some very wealthy farmers with tens of thousands of acres receive price support benefits in excess of a million dollars. I am concerned that continued massive government payments to a handful of large farmers threatens to reduce popular support of agriculture for the 82 percent of farmers that received only 26 percent of total price support benefits. Further, imposing an absolute price support limitation of \$150,000 would only affect the largest ½ of one percent of farmers. I would urge members of Congress to work to set real payment limitations that would reduce the current disparities in federal farm price support payments.

EMPOWERMENT OF STATE FSA COMMITTEES

The Secretary should take steps to empower state Farm Service Agency Committees with a more involved role in the decision-making process for state-administered farm programs.

NICK SMITH.

## ADDITIONAL VIEWS OF CONGRESSMAN RICHARD POMBO

Congressman Richard Pombo in discussion with Congressman Wally Herger assert the following additional views. It is not the policy of many members of this Congress to encourage the loss of private, productive agricultural land in the heart of our most productive farming communities. To the contrary, we believe it is, and must continue to be, the policy of this Congress and the Secretary of Agriculture to maintain land in private ownership and in productive agricultural uses.

We remain very concerned about the denial of irrigation water to the farmers in the Klamath Basin and about the precedent that this decision under the Endangered Species Act sets for agriculture across the country. We strongly urge the Secretary to utilize the programs at her disposal to assist the persons affected by this crisis. In so doing, we believe the existing policy of this Congress requires the Secretary to ensure that there is no net loss of private, agricultural lands in the Basin by sale, acquisition, forfeiture, seizure or reversion. We also urge the Secretary to work closely with the Secretaries of Interior and Commerce to help them ensure that future water allocation decisions provide for balance.

The report language on the Klamath Basin speaks to the problem as solely an “over allocation” issue. Neither the Congress nor the Administration has formally accepted this as an accurate depiction of the problems in the Klamath Basin. Quite the contrary, much of the focus of the debate on the Klamath Basin water crisis has been on the role that the Endangered Species Act has played in depriving the farmers of this area—for the first time in the 100-year history of the project—of their land and water rights. Placing the fault for this year’s water situation solely on the shoulders of an “overallocation,” fails to account for the regulatory constraints that have contributed to this year’s zero water outcome. It ignores the reality of the Endangered Species Act, and removes the necessary policy focus that this Congress must continue to place on the role that the law has played in the current crisis.

Indeed, this statement may simply be factually incorrect. If this year’s water supply outcome were simply a function of an overallocated system, one would assume that prior drought years would have yielded a similar result. To our knowledge, this is not the case.

While we agree strongly that USDA must continue doing everything possible to assist the communities of the Klamath Basin, there is not consensus within these communities that the purchase of conservation easements and/or the acquisition of fee simple interests in farmlands are a viable long-term solution. Or that now is the time to consider such actions. Many individuals in this area believe that such a large-scale acquisition of land and water rights could be the beginning of the end for these communities and

strongly oppose it. We believe the best and proper course would be for Congress to fully vet such proposal, with the involvement of each of the affected parties, when and if the communities themselves request that kind of assistance.

RICHARD W. POMBO.

